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East Europe SUPPLEMENT

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NOTICE TO READERS: An * indicates material not disseminated in electronic form.

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* **Consul General Dimitrov in Skopje Interviewed**

93BA0707A Skopje VECER in Macedonian
27-28 Feb 93 pp 6-7

[Interview with Angel Dimitrov, Bulgarian consul general to Macedonia, by Tale Sotirovski; place and date not given: "One Could Look Farther Into the Distance From the Balkans"]

[Text] *It is time for us in the Balkans to realize that double standards do not go far and that problems among governments cannot be lastingly resolved by force, as well as the fact that the Balkan crossroads is not such a dangerous and politically windy area but a point from which one could look farther. Angel Dimitrov says.*

The first consulate general of the Republic of Bulgaria to the Republic of Macedonia was officially opened at the beginning of last December. This diplomatic mission of our immediate neighbor, located in the very center of Skopje, right next to the building of the Macedonian lottery, in premises that are certainly not adequate for normal work, has started work coincidentally with a new start in the area of diplomacy of its head, Consul General Angel Dimitrov.

"This is my first diplomatic assignment, and I would not be sincere if I were to tell you that I feel as though I have spent my entire life as a diplomat," Mr. Dimitrov said. "This choice of career and my arrival here were my doing, although at the same time that I was asked to head the Bulgarian diplomatic mission to the Republic of Macedonia I had other seemingly more important offers outside diplomacy. In my life I have made many changes without hesitation. However, despite the temporary lack of suitable conditions for normal work, I am not sorry for having made this choice. The practical pressure to surmount prejudice, errors, and untruths that piled up in the course of decades of interrupted normal relations between Bulgaria and Macedonia is a real professional challenge for a historian. I believe that working in no other country would have excited me to such an extent."

Ambitions and Short-sightedness

As Mr. Dimitrov himself would say, he comes to the not always peaceful waters of diplomacy from the much more peaceful waters of science, above all history, to which he has dedicated most of his working life. Among others, we note in his biography the following: He graduated in history and philosophy. He specialized in archaeology and has a doctorate in history. He worked for quite some time at the History Institute of the Bulgarian Academy of Sciences, mostly on the history of cultural and political thinking in the Balkans. It was precisely these features and because of the tempestuous and very tragic developments experienced by this region that, from the very start of our discussion, we asked Mr. Dimitrov what lessons and experience could be learned in order not to repeat the bitter past and for the Balkans to become an area of international understanding and comprehensive collaboration.

"It is not unavoidable for us to have to go far back into the past to realize that the Balkan geopolitical area is filled with a number of problems caused both as a result of unrealistic ambitions and the political shortsightedness of Balkan countries, as well as the mentorial arrogance and egotistical interests of the great powers," Mr. Dimitrov answered. "I am afraid that the professional deformation of the historian tends to make me very verbose, for which reason all that I intend to say is that in order to have a better future we must begin by taking a critical look at ourselves. The modern history of the Balkans is a string of constant changes, and it is precisely the past that has always provided a base for the creation of many myths. These are compensatory myths concerning everything which the young countries felt without actually attaining. These are nationalistic myths created by momentary successes, easily converted into political narcosis. The geopolitical situation, regardless of its place within a permanent political condition, regardless of how much it changes, remains unnoticed, which makes it dangerous for oneself and for others.

"In the Balkans, the time has come to realize," Mr. Dimitrov went on to say, "that a double standard can bring a brief success only, and that intergovernmental problems cannot always be resolved by force, as well as that the aspiration of countries and peoples to pit against each other their violated interests and rights is not ordained by time, and that the Balkan crossroads is not only a dangerously windy area but also a center from which one could look farther into the distance."

Here, Mr. Dimitrov points out yet another feature: the fact that nations which do not have the courage to face reality and the strength to make changes are exposed to strong temptations. However, he added that this is one of those lessons of history that is the most difficult to learn. "The conversion to democratic societies in the Balkans is difficult not only because of the obstruction created by the totalitarian legacy but also because in recent Balkan history democratic trends have clashed with the constant opposition of a variety of nationalisms and interferences in foreign problems. The democratic process will become real and irreversible once the structural changes have guaranteed civil freedoms and stimulated the creation of a modern civil society."

Stabilization Framework

In this Balkan mosaic, however, also relevant is the position held by the Republic of Macedonia, particularly from the aspect of its recognition. We asked Mr. Dimitrov what his views were. Having pointed out that he had already answered the question partially, he nonetheless added:

"As we know, Bulgaria was the first to take the step of international recognition of the Republic of Macedonia. However, this step has still not been followed by its immediate neighbors. The map of the Balkans today is not properly balanced, for which reason recognition by

the world organization could provide a stabilizing political framework. As to when this will happen, and under what name, this is a slippery topic—as slippery as the streets of Skopje this winter. I hope that you do not expect me to comment on the activities of Macedonian politicians. I shall mention only once again that compromise in politics is necessary and that knowledge resides in the ability to choose the proper time in taking the type of steps which take us closer to our objective without any harm to our dignity."

In the course of our talk, we touched upon yet another topic: cooperation between our two countries. To what extent and is the consul general satisfied with the level which has been reached, and what should be done in the future to intensify it?

"We are still at the stage of wishes rather than real results," he answered. "The old stereotypes are difficult to abandon, and relations between us, which were interrupted for decades, can be rapidly restored if we express our specific desire for change. The volatile political situation in the Balkans is only one of the reasons requiring a practical investigation of such desires. I believe that it is clear to any unprejudiced person that Bulgaria is prepared to engage in open and fruitful collaboration in all areas of life."

Mr. Dimitrov especially emphasized the unused opportunities for more extensive cultural cooperation between the two countries, which "for the present is reduced mainly to contacts between individual authors and cultural institutions but is still far from having an atmosphere of true cultural communication."

"I assure you that, in general, this is not difficult. Sofia and Skopje are the closest capital cities to each other, and cultural and scientific exchanges could be as quick as the blowing of a spring wind. For understandable reasons I am not referring to the telephone or the mail. I am surprised that the Macedonian leaders are not showing any interest in opening cultural centers in Skopje and Sofia. Culture is the most rewarding opportunity for reciprocal acquaintanceship among people and for establishing reciprocal trust and friendship. In this area, the mass communication media, including literature, could play a more significant role. Familiarity with the literature of a nation makes it possible to become familiar with the character of that nation, its objective, its tragedies, pains, and hopes. A broad field for cooperation

exists also in the natural-mathematical and humanitarian sciences. The only thing that must be done where there are problems is to resolve them rather than circumvent them, and to have open discussions free from prejudice."

We finally asked Mr. Dimitrov whether his arrival as consul general to the Republic of Macedonia is also his first contact with the country and what more specifically has he learned about it in the time he has spent here.

"I have visited the country several times in the past but these were short visits. Therefore, I am as yet to become acquainted with your beautiful country and its people. So far, I have visited several churches and monasteries, Matka Lake and, naturally, Ohrid. However, as I said, I have as yet to become familiar with it and am impatient to do so."

[Box, p 6]

Wife From Ohrid

According to what he told us, for the time being Mr. Dimitrov spends his weekends mostly traveling: He goes to Sofia, where he was born in 1945, to visit with his family and spend pleasant moments with his wife (a translator of literature) and his son (who is in first grade).

"They have already visited here," said Mr. Dimitrov. "They saw Skopje briefly. As to my wife, it is through her that I have rather strong ties to Macedonia. My wife's origins are in Ohrid, and her mother was born there. Her family lives in Sofia, where they moved during the Balkan wars."

He expects that they will join him some time in the autumn, so that his son could start school.

[Box, p 7]

English and Russian

Mr. Dimitrov has spent part of his working life among newsmen. He worked for three years for the Bulgarian Radio as an editor. He spent approximately the same amount of time in archaeology. He worked on the digs in Pliska and Sofia. According to him, archaeology is a very interesting science but a very expensive one and demands a great deal of money.

He speaks English and Russian.

* Large-Scale Privatization Status Examined

93CH0418A Prague EKONOM in Czech 11-17 Feb 93
pp 15-17

[Article by Eva Klvacova: "Large-Scale Privatization—Between Two Waves"]

[Text] Law No. 92/1991 Collection of Laws [Sb.] on conditions for the transfer of state property to other individuals, which had become anchored in the subconscious of the public as the law on large-scale privatization, was approved by the Federal Assembly of the former CSFR on 26 February 1991. Thus, large-scale privatization will shortly be celebrating the second anniversary of its existence. At the same time, the first wave of coupon privatization is coming to an end—privatization that became the most frequently used method of privatizing property in terms of its scope. There is, thus, a reason for balancing the results achieved so far.

The first notion regarding the overall extent of the task being solved can be obtained from the number of projects and enterprises regarding which decisions had to be made in approving privatization projects. The Ministry for the Administration of National Property and Its Privatization of the Czech Republic received a total of 16,609 privatization projects covering 3,638 privatized enterprises. Thus, an average of four or five projects involved each enterprise.

The existence of competing privatization projects did not make the work of the approving authorities any easier but did fulfill the important role of guardian with respect to preserving a certain degree of objectivity with respect to the decisionmaking. It acted (it is another question as to how effectively it did so) against cronyism and contacts. In terms of accounting values, the property included in all privatization projects amounted to 1,007 billion korunas [Kcs]. Of this amount, Kcs630 billion were included in the first wave of privatization, and Kcs377 billion set aside for the second wave. However, it is necessary to note that the strict division of privatization waves only makes sense from the standpoint of coupon privatization; in privatizing by standard methods, its significance is secondary and only orientational in character. By 31 December 1992, decisions were made regarding 10,821 projects—in other words, approximately two-thirds of the submitted privatization projects: 3,029 were approved and 7,792 disapproved. The decisions regarding the submitted projects were decisions involving the fate of 2,170 enterprises. Some 5,788 projects remain to be decided upon, involving 1,468 enterprises.

The decisions were made on an overall uniform time basis. The number of projects that were decided during the second half of 1992 was fewer (4,073) than the number of projects on which decisions were made in the first half (6,748) and were primarily the result of a new system of project approval. This system emphasized the no-conflict principle, was administratively more demanding and more bureaucratic in the true sense of the word, and specifically reduced the incidence of privatization affairs and scandals.

It succeeded, within the framework of existing possibilities, in eliminating the defects that had been anchored in the substance of the law on large-scale privatization.

Coupon Privatization

Supply: For the first wave of coupon privatization, property with a cumulative value of Kcs299.39 billion had been set aside. Of this amount, Kcs212.49 billion—that is, 71 percent—involved the property of corporations with a seat on the territory of the Czech Republic and Kcs86.9 billion fell to corporations seated on the territory of the Slovak Republic. The overall number of corporations that were completely or partially privatized through the nonstandard method of coupon privatization was 1,491 in the former CSFR, including 988 in the Czech Republic and 503 in the Slovak Republic. In the first wave of privatization, securities with a nominal value of Kcs1,000 per share were issued to cover the book value of property privatized through coupon privatization.

The first wave took place in five rounds, which corresponds to the original intentions (the anticipated number of rounds was between three and six). A total of Kcs277.84 billion worth of property was sold, including Kcs198.03 billion worth in the Czech Republic and Kcs79.81 billion worth in the Slovak Republic. At the conclusion of the first wave, property with a book value of Kcs21.55 billion remained unsold—that is, 7.2 percent of the original quantity. In the Czech Republic, some 14.46 million [as published] of the offered securities were not sold; in Slovakia, 7.09 million [as published] of the offered securities were not sold.

Demand: On the demand side, the first wave of coupon privatization was participated in by a total of 8.54 million citizens of the former CSFR who fulfilled the conditions for registration and became holders of investment coupons. The actual number of holders of investment coupons was approximately double the originally anticipated number and resulted primarily from the advertising campaign conducted by some privatization funds.

The majority of holders of investment coupons decided to participate in coupon privatization through investment privatization funds [IPF], and the original expectation that there would be massive interest on the part of average citizens in engaging in business activities was not fulfilled. The decision to entrust one's investment points fully or partially to one or another of the investment privatization funds was made by 6.29 million holders of investment coupons in the preliminary round, and the funds received 6.14 billion investment points. According to results of an analysis conducted by the Center for Coupon Privatization, 20 of the largest investment privatization funds were administering approximately 50 percent of all investment points entrusted to the funds; the smallest 300 investment privatization funds acquired approximately 5 percent of all investment points. Some 2.4 billion investment points remained in the hands of private holders of investment coupons. An analysis conducted by the Plan Econ Corporation (see Table 1) proves that the absolute majority of investment coupons were concentrated—through investment privatization funds—in the hands of the largest monetary institutions.

Table 1
Key Players in First Wave of Coupon Privatization

Item	Millions of Investment Points	Share in Percent
IPF Czech Institution	790-950 ¹	9.3-11.1
IPF Investment Bank	700	8.2
IPF Harvard	638	7.5
IPF General Credit Bank, Bratislava	550	6.4
IPF Bank of Commerce	450-510 ¹	5.3-6.0
IPF Czech Insurance Institution	334	3.9
IPF Creditanstalt	260	3.0
IPF First Privatization Fund	150-170 ¹	1.8-2.0
IPF Zivnobanka	140-160 ¹	1.6-1.9
Smaller funds that acquired at least 100 million points each	1,868-2,128	21.9-24.9
Individual investors	2,400	28.1
Total	8540	100.0

¹Estimate.

Source: Analysis by Plan Econ Corporation.

The extent of the concentration of privatized property with the funds was even greater because the funds were more successful in placing their orders than were the holders of investment coupons. If the closing of the results of the first wave saw 101 million investment points not placed, which is 1.2 percent of the original potential demand, holders of investment coupons were unsuccessful in placing 80 million points (3.3 percent of the original demand), and investment privatization funds were unable to place 21 million investment points (0.3 percent of the original demand).

The full 1,000 investment points remained in the hands of 34,000 holders of investment coupons—that is, 1.3 percent—of whom 8,500 did not participate in any one round.

Czech and Slovak Investors

The course of order placement for securities in the first wave of coupon privatization practically documented the higher quality and attractiveness of Czech enterprises in comparison with Slovak enterprises. While Czech investors were directing their orders for securities to Czech enterprises and were more than restrained in terms of ordering securities of Slovak enterprises, Slovak investors showed substantially more interest in Czech enterprises.

Table 2
Interrepublic Transfers of Security Ownership
(millions of securities, billions of Kcs)

Item	Corporations		
	In Czech Republic	In Slovak Republic	Total
Total sold to	198.00	79.72	277.72
—Individual holders of investment coupons, total	66.97	34.78	101.75
—Holders from Czech Republic	63.17	0.70	63.87
—Holders from Slovak Republic	3.80	34.08	37.88
IPF, total	131.03	44.94	175.97
—IPF from Czech Republic	112.55	5.30	117.85
—IPF from Slovak Republic	18.48	39.64	58.12
—Holders of investment coupons through IPF's	131.03	44.94	175.97
—Holders from Czech Republic	108.55	5.71	114.26
—Holders from Slovak Republic	22.48	39.23	61.71
—Participants in first wave (holders, total)	198.00	79.72	277.72
—From Czech Republic	171.72	6.41	178.13
—From Slovak Republic	26.28	73.31	99.59

Individually investing holders of investment coupons from the Slovak Republic purchased a total of Kcs3.8 billion worth of securities of corporations located in the Czech Republic (book value); holders from the Czech Republic acquired shares in Slovak corporations having a nominal value of Kcs700 million. Investment privatization funds from Slovakia became owners of securities in the Czech Republic with a book value of Kcs18.48 billion, and Czech Republic investment privatization funds acquired securities from Slovakia worth Kcs5.3 billion. Altogether, analyses conducted by the Center for Coupon Privatization indicate (based on the composition of stockholders of investment privatization funds) that owners with permanent residences in the Slovak Republic acquired some 13.3 percent of privatized property on Czech Republic territory, whereas investors with permanent residences in the Czech Republic acquired only 8 percent of the property of Slovak corporations.

Prices in Coupon Privatization

Coupon privatization distributed state property without compensation. Although it made no use of money as a general equivalent, it permitted the mechanism of supply and demand to function and created relative prices for privatized property. It reliably arranged corporations in order from those that were the most progressive, those that were of the highest quality, and those that were in greatest demand to those whose current quality and outlook for the future reduced the demand level to a minimum. Coupon privatization created concentrated information regarding the entire spectrum of privatized enterprises that will undoubtedly be utilized by domestic as well as by foreign investors.

The average theoretical rate of exchange involving the supply of securities under coupon privatization ranged between 3.51 shares per 100 points in round one to 10.11 shares per 100 points in the final fifth round. The actual rate of exchange involving the supply of securities was determined by the Commission for Setting the Rates. It based its actions on the strategy by which investment points were placed more rapidly than the sale of offered securities, on the strategy of the prevalence of the supply over demand. The rates quoted were thus lower than the theoretical rates. The actually set rates for the supply of securities increased from the first round (the rate was 3/100) up to the fourth round (6.77/100). In the fifth round, the average rate was set somewhat lower: 6.23/100. The span of the set rates covering the supply of securities ranged from the value of one share for 1,000 investment points to a value of 97 shares for 100 points.

Sectors and branches the centrally planned economy valued for their orientation toward eastern markets—that is, metallurgy, heavy engineering, heavy chemistry, the construction industry, general engineering, and electronics—were not among the securities that were in greatest demand in coupon privatization. Czech as well as Slovak investors, irrespective of whether they were individual holders of investment coupons or investment

privatization funds, clearly preferred the sector of services, the banking industry, the glass and porcelain industry, the hotel industry, the balneological industry, and the brewery industry.

Speed and Efficiency

As a nonstandard privatization method, coupon privatization was selected in the anticipation of speed and efficiency. If, in comparison with market economies, which have their own experiences involving privatization, as well as in comparison with the other postsocialist economies, the rapidity of privatization in the Czech and Slovak Republics is imposing, and the application of coupon privatization undoubtedly has its share in this, there were even certain disappointments in terms of the original expectations. The time from the approval of the law to the identification of private owners of property valued at virtually Kcs300 billion is approximately two years.

At the present time, the new owners have thus far not made use of their rights, with the exception of some active privatization funds that are doing so, more or less, in a partisan manner. It is interesting that the very expectation of the realization of coupon privatization is already having a less positive effect. Proof is presented in Fig. 1 [not reproduced here], which presents the results of financial management of economic organizations on the territory of the Czech Republic as of 31 October 1992 and contains an index of changes over the same period of last year, as it is monitored by the Czech Statistical Office. Corporations included under coupon privatization recorded a more favorable development in all listed indicator results—it is more precise to say that their development was less unfavorable—than the entire set of centrally managed economic organizations.

During the course of a period of monitoring extending over one year, these corporations did not show a decline in output, whereas the outputs of the entire set of centrally managed economic organizations declined to 90 percent, and, although profits declined, they did so to a substantially lesser degree than those for the entire set (94 percent versus 70 percent). Overall costs of outputs (in hoppers per koruna) for corporations under coupon privatization during the monitored period declined moderately but rose for the total number of corporations. The decline in profitability in corporations under coupon privatization was expressly more moderate than was the case for the entire set of corporations.

Dividends: Yes or No?

Enterprises under coupon privatization are undercapitalized, as are all other enterprises. They are urgently in need of investments for modernization and expansion, and they need new machinery and installations, and inventions and innovations. All reasons clearly indicate the need to fully recapitalize any profits (to the extent to which they exist at all). The recapitalization of profits

stands in conflict with the possibility for paying dividends to stockholders. No decision has thus far been made as to whether dividends will or will not be paid for 1992. Primarily, however, there has been no decision as to who will make the decision regarding the payment or nonpayment of dividends—whether it will be the Fund for National Property, the general assemblies of the corporations involved, or even the government. This is far from being immaterial. A solution in which the Fund of National Property might prohibit the payment of dividends or where even the government might prohibit such payment would surely be formally in order and could readily be justified by the fact that the new stockholders were still not owners during the course of 1992 and did not avail themselves of their ownership rights. At the same time, however, a solution of this type would call into doubt the importance of real owners; it would be in conflict with privatization itself. Adopting this solution would mean the virtual demonstration of the conviction that the state makes better decisions than does private ownership, the conviction that the owners will—in contrast to the state—prefer short-term interests over long-term interests of society and over their securities.

Standard Methods of Large-Scale Privatization

The nonstandard method of coupon privatization is in harmony with Law No. 92/1991 Sb. on large-scale privatization, combined with standard methods: public auction, public competition, direct sales to previously identified owners, and cost-free transfers that are accomplished primarily to the benefit of towns and communities. If the fundamental advantages of coupon privatization include its "fairness," its neutrality in terms of special interests, the nonexistence of basic opponents, and its social acceptance, the application of standard methods is connected with financial benefits that cannot be disregarded. Although from the very beginning of privatization responsible officials repeatedly stressed that the goal of privatization was not the influx of financial resources to the state budget, it seems that the position with respect to privatization for money is changing. Gradually, preference is being demonstrated for privatization for financial compensation over cost-free privatization. (It is possible to see the realization of this preference even in the course of the entire privatization process that has taken place thus far. The highest-quality property intended for privatization quickly found foreign or domestic buyers, generally in the form of direct sales to previously identified owners.)

Data provided by the Ministry for the Administration of National Property and Its Privatization of the Czech Republic (MSNMP) characterize the extent to which standard methods were used in the process of large-scale privatization. Approximately 90 percent of privatized property underwent transformation into corporations; only 10 percent of the property was privatized directly—most frequently in the form of direct sales to previously identified owners and least frequently through public auction. As far as the number of privatized units is

concerned, the share of corporations is lower (31.23 percent); more than one-half of the transactions were accomplished through direct sales and cost-free transfer. Transparent methods of privatization—that is, public auction and public competition—were seen in approximately 16 percent of the privatized units. Thus, the data prove that direct sales and cost-free transfers are being preferred over public auctions and public competition, that less transparent methods of privatization are being preferred over more transparent methods during the approving process involving privatization projects.

Table 3
Privatized Property in the Czech Republic
by Form of Transformation
as of 31 December 1992

Item	Percent	Property in Millions of Kcs
Public auction	0.82	3,881
Corporations	89.26	420,171
Public competition	2.22	10,436
Direct sales	5.65	26,613
Cost-free transfers	2.05	9,633
Total	100.00	470,734

Source: Data provided by the MSNMP of the Czech Republic.

Table 4
Privatized Units in the Czech Republic
by Form of Transformation
as of 31 December 1992

Item	Percent	Number
Public auction	8.62	336
Corporations	31.23	1,218
Public competition	7.90	300
Direct sales	25.28	986
Cost-free transfers	26.98	1,052
Total	100.00	3,900

Source: Data provided by the MSNMP of the Czech Republic.

A methodological problem involving the data published by the end of 1992 by the MSNMP of the Czech Republic, however, lies in the fact that these data provide only partial information regarding the course of the privatization process that has taken place thus far. Corporations are showing up here as completed forms of transformation despite the fact that, in privatizing them, use was made of all privatization methods stipulated by law, in addition to coupon privatization: Use was made of public auction, public competition, direct sales to predetermined owners, and cost-free transfers. However, we know from older data that the share of coupon privatization in the first wave was about 62 percent of the total property of privatized corporations and that the sequence of application of individual standard privatization methods was similar to that of cases involving

direct privatization transactions—that is, direct sales, cost-free transfers, public competition, public auctions.

The Role of the Fund for National Property

The Fund for National Property of the Czech Republic fulfills the role of realizer of approved privatization projects in large-scale privatization. As of 31 December, it took over a total of 1,872 approved privatization projects for realization. One-third (674 projects) have already been successfully realized, and two-thirds (1,198 projects) are still awaiting realization. Numerical data prove that the transformation of state enterprises into corporations is the simplest to accomplish, as is the transformation of state corporations into private corporations. On the other hand, problems arise more frequently in public auctions when privatized property is not successfully sold and the auction must be repeated. Not even public competitions are the most rapid privatization method in the view of the Fund for National Property. A more or less problem-free method from the standpoint of the rapidity of the privatization process is represented by direct sales and cost-free transfers.

The application of standard privatization methods resulted in the influx of monetary resources to the Fund for National Property of the Czech Republic. Income from the sale of privatized property amounted to approximately Kcs24 billion in the period from the beginning of large-scale privatization through 31 November 1992. The majority of these moneys has already been expended by the fund: The fund utilized these resources to eliminate enterprise debt. The current financial situation at many privatized enterprises, their indebtedness, and the threat they represent to creditors, particularly to commercial banks, as a result of future bankruptcies, the need for supporting the origination and expansion of small and medium-size business activities, and privatization in the health care industry are creating pressure on the Fund for National Property of the Czech Republic to acquire financial resources. However, the fundamental prerequisite for satisfying the existing needs is increasing the use of standard methods in the future course of the privatization process. It can be justly anticipated that the need for financial resources in the economy will be the most important factor in decisions involved in the implementation of the second or, possibly, third wave of coupon privatization and will affect the extent of property that will be privatized through nonstandard coupon privatization.

* Service for Protection of Economic Interests

93CH0440A Prague HOSPODARSKE NOVINY in Czech 16 Feb 93 p 16

[Interview with Jan Sula, doctor of jurisprudence, director of the Czech Republic Service for the Protection of Economic Interests, by Miroslav Jelinek; place and date not given: "Protection of Economic Interests—One of the Services Performed by the Police of the Czech Republic"]

[Text] *One of the relatively recent components of the Czech Republic [CR] Police Department is the Service To Protect Economic Interests in the CR. It was established in 1991 and began operating in July of that year when its current director, Jan Sula, doctor of jurisprudence, became its first head. We shall be talking with him about the activities of the service thus far.*

[Jelinek] What was the intent behind the establishment of this service?

[Sula] The legislators charged us with delving into information and manifestations in the economic sphere that are important for the defense of Czech Republic interests. On the one hand, this is information, the character of which can support the decisionmaking process, and, on the other, these are manifestations having to do with the transition of the economy to a market economy and developments that carry with them signs of new types of criminality in the transitory period.

[Jelinek] Are you successful in fulfilling this intention?

[Sula] I would say we are. Actually and quite logically, the service began orienting itself primarily to the process of privatization and focused on the various great possibilities having to do with changes in ownership conditions. This turned out to be the principal merit of our activities during that period.

[Jelinek] How is the service organized? And who makes it up?

[Sula] The service is directly subordinated to the president of the Czech Republic Police. It has a central facility as well as seven territorial work sites at the seats of the former krajs, in addition to Prague, which is covered by the activities of the central facility. As of this day, we employ approximately 76 individuals, and the table of organization has not been fully staffed.

[Jelinek] Why not?

[Sula] Our selection process is very slow and careful; we are hiring approximately 40 to 50 percent of our employees from outside the police organizations. They are advanced school-educated specialists from various areas of human activity, who are then trained here for positive intelligence activities.

[Jelinek] Do you have enough quality personnel?

[Sula] Those we have are quality personnel; otherwise, they would not be here. However, it is difficult to recruit them because we cannot compete financially with the civilian sector.

[Jelinek] Do you have any ideas on how this can be solved?

[Sula] This is a problem that pertains not only to us but also to the entire state administrative apparatus. Throughout the world, it is customary for employees of the state administration to be paid less; as a rule, they

will never get rich, but their standard of living is always decent. They enjoy security and calm from the standpoint of social security provisions. Not everyone wants to be a businessman and take risks. This we must also achieve in this country. When that happens, even we shall have a greater opportunity to recruit high-quality employees and to improve our specialized preparedness.

[Jelinek] You said that you devoted a good deal of attention last year to privatization. What percentage of your activities did that involve?

[Sula] Last year, we undertook a total of 63 actions, 19 of which dealt directly with privatization and 20 had to do with foreign exchange and the financial economy, which, for the most part, also had a bearing on privatization. This means that, for example, we dealt with money, the legal origin of which we doubted and which was entering the privatization process.

[Jelinek] Could you briefly describe how your service functions?

[Sula] We are a component of the police. As a police component, we are legally obliged to act on the basis of probable cause, as soon as we find out about it. This means that we also work on the basis of notification by citizens, as well as on the basis of analyzing open sources—the press, radio, various reports of enterprises and corporations—and, understandably, also on the basis of the analysis of other information to which the law permits us to have access. This part of our work—in other words, working with information—is substantial. It is a part of the development of our information background. We do not maintain any records on citizens, but we acquire and analyze economic-management information—in other words, information on commercial activities, transactions, intentions, projects, company orientations—and we examine their intentions and activities where they could impact negatively upon the interests of the Czech Republic that are protected by law.

A second part of our activities, which is smaller for the time being but, in my view, should be about the same in terms of scope as the first part, is the performance of work "upon orders" from an appropriate authorized organ of state administration. It is quite obvious that, if the ministries or the government should request information from us before making their decision, our activity makes sense. I do not believe this information is so weighty that it could form the basis for a decision by itself, but I consider the information to be supportive in character, information that the state authorities should have available during the decisionmaking process, and I feel it is the duty of that organ to procure that information.

[Jelinek] In other words, you do not interrogate anyone, you do not arrest anyone, you do not bring in anyone for questioning?

[Sula] No, despite the fact that we are a component of the police, we have truly thus far not arrested anyone, nor do

we wish to do so. In the event that we encounter criminal activities, we document the case and make our determinations available to the appropriate component of the criminal police. This cooperation is functioning very well, and they know how to make arrests much better than we do.

If we find an activity the law does not prohibit, but if that activity is undesirable from the standpoint of the state, we submit a proposal to modify the legislative standards that might compel the appropriate entities to restrict such activities or that would make it more difficult for them. Of course, the decision as to whether that activity is harmful or not to the state rests with the government and the legislators. We do not qualify information of this type; we collect it, we draw attention to the consequences it could have and to the technology involved in this activity, and we possibly also propose the way in which the consequences can be legislatively prevented. We rarely come into contact with our objects of interest; they frequently do not even know anything about us, and can therefore not even suffer any unjustified losses based on our activities, as long as they do not violate the laws.

[Jelinek] So, to summarize: You have three types of actual activities....

[Sula] Yes. First, it is the criminal-legal area, where we document a case and hand it over to the criminal police.

Second, our activities involve the state administration, to which we hand over information either on our own initiative or at its request. For example, in 1992 we turned over 42 such reports. This was in addition to the 63 cases I mentioned earlier.

Third, our activities involve the legislative sphere. On the basis of the analysis of information we process, we have the opportunity, the right, and the duty to indicate any inadequacy of a legislative character. Right now, we are turning over to the minister of the interior a report on the process of privatization. It contains proposals to change the laws or a proposal for changes in the implementing regulations of the ministries involved—these are, so to speak, our technological proposals on how to take steps to see to it that this process cannot be so frequently called into doubt.

[Jelinek] So, as I understand it, you turned over 105 reports of your own production during the year, which, given the number of employees and the breadth of the problem, is a respectable number. Will you be expanding the service?

[Sula] I do not know whether, for this kind of work, it can be said that 105 reports are a lot or a few. In this branch, it is the evaluation that counts more likely—first, the quality of analysis, second, the effectiveness and the success of the measures taken. But that needs to be evaluated by someone else—not by myself. In any event, this number represents an awful lot of work, particularly if we realize that the service is only just

beginning and that, at the beginning of 1992, there were not even 30 of us. We are continuing to grow slowly but surely, and I hope we can find 150 high-quality individuals, which the new table of organization calls for. These numbers are higher than those original ones in 1991, and I perceive this as confirmation of the fact that the decisionmakers who make decisions regarding the structure of the police value our work and feel the need for it.

* Czech Republic Budget for 1993 Discussed

93CH0419A Prague SVET HOSPODARSTVI in Czech
29 Jan 93 p 1

[Article by Karel Machala: "The State Budget of the Czech Republic"]

[Text] The state budget of the Czech Republic was put together as a balanced budget, with anticipated revenues and expenditures totaling 342.2 billion korunas [Kcs]. Last year, revenues and expenditures of the Czech budget, or two-thirds of the federal budget (if we divide it on the basis of two to one), amounted to Kcs345 billion. However, these numbers are not comparable because this year the budget is lacking any revenues or expenditures attributed to health insurance facilities. Many redistribution processes are also being shifted to the community level. Moreover, a precise comparison is difficult in view of inflation. Revenues are supported by the new taxation system, and their actual levels are dependent on developments within the economy, on the impact of the new taxation system on this development, and on the capability of collecting taxes at the planned level.

From the standpoin^t of the taxpayer, it is essential to consider whether his taxes are spent for purposes that are, at least from his standpoint, not against his interests. The majority of today's budgets in developed and less developed countries, however, are overgrown today to a considerable extent. As a rule, they contain not only the essential expenditures to support public facilities such as defense, security, and so forth but also the necessary expenditures through which society expresses its solidarity with handicapped citizens, and so forth. Unfortunately, the majority of state budgets are also burdened with redistribution flows that are neither essential nor positive and are merely the expression of the tug-of-war between various groups pulling at the "communal pot."

Politically stronger or more vocal and more organized groups are thus advantaged at the expense of weaker, less-well-organized, or insufficiently politically influential groups. Even those who are not in need receive subsidies. So it happens that taxpayers who as consumers have the greatest interest in the lowest possible prices contributed through their taxes to subsidies, to the creation of customs barriers and similar devices that

increase prices. People who make no use of the services offered by churches contribute to their activities. People who are opposed to bureaucratic procedures contribute their taxes toward the growth of bureaucracy. People who utilize only fully financially independent cultural or sports institutions contribute to those that operate with subsidized prices.

The deaf support musical facilities with subsidies, and the homeless are contributing to the deformation of the housing market against their own interests. One sector is fed through finances at the expense of others, according to the notions and the network of interests of government officials. (The arguments never involve actual interests, but everything is artfully justified by the assumed interest of all of society.) We could continue to come with this list of absurdities for a long time. We would also have to search for a long time for a country that has relatively few such items in its budget. Japan and Switzerland are among the developed countries that have the lowest share of state redistribution moneys in their gross domestic product [GDP].

We can contemplate whether this fact, particularly in addition to a stable currency, might not be one of the essential reasons for their prosperity. Many countries have gradually gotten into a situation in which their budgets or the resulting indebtedness have grown to unpleasant proportions and continue to grow. Although the budget of the Czech Republic has only a slight connection with the above circumstances, there exists a positive tendency to lower the share of the GDP that the state redistributes.

Why is it sensible to lower state assets, not only with respect to ownership but also in terms of spending money? This was perhaps best expressed by Milton Friedman, the Nobel Prize winner for economics, in his book entitled *Free To Choose*, which has recently been published also here. There are a total of four possibilities for spending money: 1) spending one's money for oneself; 2) spending one's money for others; 3) spending other people's money for oneself; and 4) spending other people's money for others. At first glance, it is obvious that the most efficient use of money will be as outlined in case one, where a high interest exists in holding expenditures down to the maximum and obtaining maximum utility. It will be the worst in case 4), when both of these interests are blunted and will, moreover, be deformed by personal interests on the part of the one doing the distributing. And these interests can differ considerably from the interests of those who are doing the paying and from the interests of those who are on the receiving end. State redistribution is precisely an example of spending other people's money for other people. However, let us get away from these considerations and take a look at the structure of expenditures in the budget of the Czech Republic.

Table 1

Item	Millions of Korunas
Noncapital expenditures of budgetary organizations	255,673.6
Capital expenditures of budgetary organizations	17,598.8
Contributions made to contributory organizations for operations	14,793.4
Capital subsidies for contributory organizations	5,951.2
Noncapital subsidies for enterprises	25,683.0
Capital subsidies for enterprises	5,500.0
Subsidies for district offices and communities	17,000.0
Total	342,200.0

Expenditures that are structured in this manner decidedly do not provide an overly clear overview as to the amount of money and the purpose for which it is spent. In its printed version, the budget is actually quite difficult to follow, something that is also true of its more detailed printed proposal, which was submitted to delegates and which was criticized before the end of the year in LIDOVE NOVINY by the deputy chairman of the Czech parliament, Mr. Ledvinka. Let us take a detailed look at the shift in the structure of the state budget in comparison with the experiences of last year. In other words, let us see where more and less money from the common taxpayer purse is flowing than was the case in 1992. If we take into account the anticipated annual inflation rate of 13-20 percent, an actual increase in expenditures is only involved in cases where the nominal increase in expenditures exceeds the measure of inflation. The following comparison, in percent, is a comparison of nominal components that have not been adjusted for inflation:

1. Transfers to the Business Sphere

In this component, noncapital expenditures in the form of subsidies to business ventures rise the most (more than double). There is a 75-percent increase in subsidies for the forestry and water-management industry, a 45-percent increase in budgetary transfers to discontinue mining operations, a one-third increase for heating housing facilities. A mild growth (and, in view of the anticipated inflation rate, an actual decline) will be experienced by subsidies to the agricultural complex, including the Fund of Market Regulation, and subsidies for heat. Subsidies paid to transport organizations will decline by one-seventh, and those paid to water distribution and sewer facilities will decline to less than one-third.

In terms of capital expenditures, subsidies to the CSD [Czechoslovak State Railroads] will increase by more than 80 percent. Subsidies for ecological investments on the part of the Ministry of Agriculture and for water-management activities will decline by one-sixth, and those ecological investments intended for desulfurization as well as for decontamination of uranium extraction will decline by virtually one-third.

2. Transfers to the Populace

In terms of volume, these transfers represent the most significant segment of the budget, consuming approximately one-third of all budgetary revenues. Maximum increases in this area go to planned expenditures for unemployment (plus 86 percent). The amount of the state equalization contribution will be particularly reduced. The greatest portion of payments for social security continues to be made up of pensions (more than one-half of the expenditures in this area).

3. Expenditures for Public Consumption on the Part of the Population

Total expenditures for health services (not only from the budget, but also those made through health insurance facilities) will increase by one-half. Expenditures for central control of education will grow by more than one-third. This group also includes a relatively small number of expenditures made for cultural purposes.

4. Expenditures for the Public Consumption of the State

This component includes expenditures for defense, security, administration, expenditures connected with government credits, and some others. Defense costs will rise by 3.3 percent, to Kcs21.7 billion. Expenditures for security should approximately track the measure of inflation; in other words, they should grow a little. Within this framework, priority coverage is provided for the needs of the Czech police. The so-called other expenditures made by budgetary and contributory organizations, which are included here, will rise nominally, by 2.1 percent. Expenditures for state credits taken over from the former federal budget represent Kcs7.3 billion. Overall, in comparison to the last budget, these expenditures have risen 255 percent. Within this framework, the so-called drawing down of other government credits will increase the most (four and a half times). In a situation in which, according to the resolution adopted by the penultimate federal government, Resolution No. 192/1991, the granting of new state credits was halted, this increase represents the final drawdown based on previously concluded agreements and, with the exception of the above-mentioned resolution, represents allocations for granting special government credits to Algeria. The second government credit component that is experiencing maximum growth this year involves payments for gas activities dating back to CEMA (so-called selected integrational actions). Double growth was also experienced by budgeted expenditures set aside to unblock uncollectible claims. Payments for the administration of government credits remain at the same level.

5. Expenditures for Debt Service

One of the main reasons for the tense situation that exists between revenues and expenditures of the budget of the Czech Republic in 1993 is represented by the increase in expenditures connected with interest payments and payments on the state debt. The major portion of the expenditures for debt service is accounted

for by the debt taken over from the federation. In addition, obligations made by the Czech Republic based on its deficit financing in 1991 will be paid off, and the

temporary imbalance between revenues and expenditures in the budget will be covered during the course of the year by the use of state cash vouchers.

The overall situation in the area of debt service is characterized in Table 2.

Table 2

Financial Requirements 1993

Indicator (in billions of Kcs)	Debt as of 1 Jan 1993	Interest	Payments	Total	Included in CR State Budget
A. Debt taken over from the CSFR	74.8	8.3	5.5	13.8	9.5
<i>Including:</i>					
—Payable to the CNB [Czech National Bank], based on taking over government credits	26.1	3.1	2.6	5.7	3.1
—Payable to the CNB, based on bank rate-of-exchange differences (devaluation in 1990)	17.3	2.1	1.7	3.8	2.1
—Rehabilitation bonds	1.6	0.2	0.2	0.4	0.4
—Czech Republic share in deficit of federation for 1992	6.5	0.7	1.0	1.7	1.7
—Foreign debt	23.3	2.2	2.2	2.2	—
B. Obligations assumed from Czechoslovak Bank of Commerce	40.7	3.3	3.2	6.5	—
C. Czech Republic budgetary debt from 1991	9.9	—	—	4.0	4.0
Cumulative total	125.4	11.6	11.6	23.4	20.3

The increase in expenditures for debt service cannot be absorbed within the state budget on an interyear basis. For this reason, some expenditures will be deferred or resolved on the basis of extraordinary financial resources (state bonds, the Fund of National Property, the renegotiation of deferred payments to the Czech National Bank).

State Fund Budgets

On the basis of approved laws, five state funds are operating in 1993 in addition to the state budget:

1. The State Fund for Market Regulation in Agriculture

The budget proposal for this fund includes a subsidy from the budget of the Czech Republic amounting to Kcs3 billion. Together with the fund's own resources, which amount to Kcs50 million, these resources will be used to regulate the market of agricultural products and foodstuffs. The budget of the fund is balanced.

2. The State Fund for Land Reclamation

The state budget has not identified any resources for the tasks that result for this fund from Section 29 of the law on state administration in water management. The

financing of these tasks will necessarily have to be restricted to the amount remaining in the fund or, possibly, to the amount of resources available for agricultural subsidies.

3. The State Environmental Fund

The budget for the fund is proposed as a balanced one at Kcs3.1 billion. The state budget will not share in fund revenues but will receive fees for utilizing the environment and sanction payments connected with the violation of ecological standards.

4. The State Fund for the Support and Development of Czech Cinematography

The budget of this fund does not anticipate making any expenditures for 1993. Revenues reflect legal arrangements without subsidies from the budget.

5. The Czech Republic State Cultural Fund

The budget of the fund does not anticipate making any expenditures. Its activities are aimed at the capitalization of its own resources and on the creation of guarantee capital. Revenues are anticipated to be at the legally prescribed level without subsidies.

*** Text of FIDESZ-SZDSZ Cooperation Agreement**

*93CH0449A Budapest BESZELO in Hungarian
6 Mar 93 p 6*

[Undated statement signed by Janos Ader, Viktor Orban, and Laszlo Kover of the Federation of Young Democrats, and by Ivan Peto, Gabor Kuncze, and Marton Tardos of the Alliance of Free Democrats: "Agreement"]

[Text] Having reviewed the situation that evolved in Hungary, having summarized the experiences of countries finding themselves in situations similar to the situation in Hungary, and having considered the possible choices available to Hungary, the Federation of Young Democrats [FIDESZ] and the Alliance of Free Democrats [SZDSZ] make the following findings.

I.

The record of the ruling coalition led by the MDF [Hungarian Democratic Forum] is gravely disappointing, so far. The ruling coalition was unable to reverse the economic decline of the country; to the contrary, in certain fields it aggravated the decline. It created unnecessary social tensions and did not take an appropriate, firm stance against extreme right-wing forces openly challenging the constitutional order. The ruling coalition was not deterred from using even the discredited means of power of the previous system to achieve its own political goals.

II.

At the same time one cannot expect to resolve the mounting difficulties that confront the country with policies built on fostering nostalgic feelings for reform-communist and socialist governments, and on social tensions, particularly if one considers that past policies are incomparably more responsible for the present situation than the present government. Politicians who assert demands, and make irresponsible promises without knowing how to cover the related expenditures cannot be expected to resolve the concerns.

III.

The negotiating delegations are convinced that from the standpoint of restoring the economy, the public welfare, and the protection of civil liberties, it has become indispensable to install a liberal government in the course of the second free elections scheduled for the spring of 1994. They are convinced that a liberal civil center prepared to cooperate with forces to their right and left, and agreeing to accept basic democratic values, will be able to perform the historic function of reinforcing democracy in Hungary.

IV.

Using the above as their starting point, the Federation of Young Democrats [FIDESZ] and the Alliance of Free

Democrats [SZDSZ] have reached the following agreement to enhance the two parties' chances of winning the 1994 elections:

1. The chairmen and the faction leaders of the two parties will hold regular monthly consultations concerning the prevailing political situation and cooperation between the two parties.
2. The campaign chiefs of the two parties will initiate negotiations to develop a possible framework and rules for cooperation in the elections.
3. The two parties will establish goodwill committees composed of four members to ensure undisturbed cooperation.
4. The parties to the agreement will reconcile in advance and will make attempts to streamline their positions regarding legislative proposals requiring the approval of a qualified majority and other legislative proposals of great significance presented to the National Assembly.
5. The parties to the agreement call upon the members of their local organizations and their local government representatives to seek opportunities for cooperation in the spirit of this agreement.
6. The parties to the agreement commit themselves to reach comprehensive agreements with any third party regarding political cooperation or cooperation in the elections only if they notify the other party to the agreement within a reasonable time prior to reaching an agreement with the third party, and if they present the text of their agreement with the third party to the other party to the agreement.

Budapest, 24 February 1993

Janos Ader, Viktor Orban, Laszlo Kover
Ivan Peto, Gabor Kuncze, Marton Tardos

*** Documents Issued by Coexistence Congress**

*** Political Goals**

*93CH0455A Bratislava SZABAD UJSAG in Hungarian
2 Mar 93 pp 1-2*

[Undated document: "On the Politics of the Coexistence Movement"]

[Text] Last weekend the 4th National Congress of the Coexistence Political Movement adopted the following documents: *On the politics of the Coexistence Movement; Basic principles of regional autonomous governance and personal autonomy; Autonomous local governments, intermunicipal associations, territorial and government administrative reorganization; Needed: an economic crisis management program; Let's stop mass impoverishment; Let's save agriculture; To invigorate the Coexistence Movement's enterprising policies; Educational, cultural, and health care policies. This newspaper will*

continually present these documents. The following document concerns the politics of the Coexistence Movement.

The Coexistence Movement intends to pursue its activities consistent with values that can be found simultaneously in both the liberal and the conservative schools of thought.

The endeavors of the Coexistence Movement have, from the outset, aimed for the establishment of a democratic, multiparty system in Slovakia and of a social market economy that is gentle to the environment, and for societal peace based on tolerance. The fact that these goals can only be achieved in the distant future does not diminish their current relevance. Our initial goal to achieve equality for citizens and communities of various nationalities in every field of endeavor, beyond the basic equality under the law, has assumed increased urgency as a result of the independence of Slovakia. We continue to regard as a pivotal issue the need to grant the constitutional rights of personal autonomy and territorial autonomous governance to national communities in a numerical minority. In establishing its administrative regions, the government should consider establishing natural regions, pursuant to ET [Council of Europe] Recommendation 1201.

The Coexistence Movement supports coexistence based on legitimate standards. Standards of coexistence, however, are also subject to criteria in addition to those specified by law. The material framework of societal peace consists of social security, prosperity, preserving natural values, and the balance of the natural environment, as well as of favorable living conditions.

Our movement viewed these considerations as goals to be attained in the course of its parliamentary work while debating economic legislation and measures related to the system change, and even when legislators were called upon to decide issues pertaining to public law, human rights, and the rights of national minorities and ethnic groups.

During the 1990-92 term of parliament we regarded the alleviation of the economic burden that befell the country's populace as a result of shock created by the system change and of transforming the federal state, along with the unimpaired enforcement of autonomous rights as one of the most important issues. In conjunction with these considerations we proposed in parliament that a national referendum be held to decide whether the country's populace wishes to live in a state that respects its rights granted by the republic and at the territorial level based on historically evolved units, and the right of individual national communities in the minority to be autonomous. Legislators were confronted with the fact that unless they made a decision in this regard, the country would be subject to arbitrary situations that could evolve at any given moment. We continue to regard the failure to reach such a decision and the cessation of the federal state in the absence of a related

popular referendum as irresponsible; the latter was accompanied by economic decline, impoverishment and increased unemployment.

The fact is that by Slovakia becoming independent, the right to self-determination has prevailed as a matter of formality; it satisfied the secret yearnings of many Slovaks. At the same time, however, the political forces that brought about Slovakia's independence continue to violate the right to self-determination within Slovakia, because they refuse to grant equal rights to masses of non-Slovak nationals, and to constitutionally guarantee their autonomous rights and right to self-governance. Proclaiming Slovakia an independent state brought to a halt the economic system change, and resulted in the violation of principles of constitutional statehood on a regular basis. The country's chances of integrating with the European states have been diminished.

It is in the fundamental interest of an independent Slovakia to have a civil and economic legal order identical to that of the rest of the democratic European states. Slovakia should manifest a readiness to adopt, and to incorporate into its legal system certain documents prepared by organizations which foster cooperation among the various countries (CSCE, Council of Europe, and so forth).

In the present, transitional period, it would be appropriate for Slovakia to not only provide equal opportunity for the prevalence of various types of ownership, but to establish clearly preferential conditions for private ownership. Slovakia should downscale the inefficient industrial structure it inherited from the communist system. Consistent with expectations expressed in international security policies, Slovakia should limit its manufacture of heavy weapons, and discontinue its arms exports to regions which fuel international tension.

We are witnessing a situation in which national interests and the interests of the state are the subjects of fetishism, while the interests of citizens and communities become secondary concerns. In parallel with excessive emphasis on state interests, we do not see a governmental endeavor to improve interstate relations with neighboring countries, or an intent to participate in regional cooperation transcending national borders. The opposite can be seen. Slovak government policies tend to isolate both the country and its citizens.

Several unilateral steps taken by the Slovak Government violate international agreements, and the rigid attitude manifested before international forums regarding the Bos [Gabcikovo] hydroelectric power plant counters the interest of having good neighbor relations, and contributes to Slovakia's negative image in international politics.

Some fundamental changes should be made regarding certain aspects of the country's legal order and policies. Absent such changes Slovakia will find itself in an

increasingly disadvantageous situation from the standpoint of international cooperative efforts, and the country's internal balance will continue to deteriorate.

* * *

As a movement and as an organization seated in parliament, the policies of the Coexistence Movement are designed to uphold two fundamental considerations:

- enforcing the autonomous rights and the right to self-governance of national communities in the minority, and full equality between these national communities and the Slovak nation, in order to reconcile the differences in society, and
- initiating and supporting economic and social policies which contribute to the economic recovery of all of Slovakia.

In its political activities, the Coexistence Movement will concentrate mostly on

- changing Slovakia's economic policy concept:

The country's economic policy must be fundamentally changed in order to reduce unemployment and to halt impoverishment. Financial policies must be adjusted to conform with the requirements of international monetary policies. More favorable conditions must be established for the evolution of private banks and for international financial institutions doing business in Slovakia. Credit and tax policies favorable to private enterprise are needed. A new state subsidy system for agriculture must be developed, mainly to support the growth of small agricultural plants and farming enterprises. We will support the formulation of employment and social policy concepts which put an end to mass impoverishment and to situations which people cannot escape, and to the growing feeling of hopelessness.

- amending the Constitution of the Slovak Republic:

Constitutional protection of private ownership forms must be provided. Rights to self-governance must be revised to conform with the standards of the European Charter on Autonomous Governance. Parliament's opportunity to void decisions reached on the basis of direct democratic action must be eliminated. The independence of the judiciary from the executive power must be guaranteed. The rights of national communities in a numerical minority must be augmented so as to meet the standards of Council of Europe recommendations.

- Laws in force within the territory of the Slovak Republic must be streamlined with the laws of the EC member countries.

- Slovakia needs a foreign policy concept in which the main emphasis is on the establishment of conflict-free, good relations with neighboring countries. The basic conditions for this foreign policy concept must be

spelled out in basic agreements to be reached with neighboring countries, and must manifest themselves in establishing the necessary conditions for cooperation between border regions, the support of so-called Euroregions transcending the borders, and the establishment of free trade zones along the borders.

* Local Government

*93CH0455B Bratislava SZABAD UJSAG in Hungarian
3 Mar 93 pp 1, 6*

[Undated document: "Basic Principles of Regional Autonomous Governance and Personal Autonomy"]

[Text]

1. Summary of 74 Years of Experience

Throughout its existence from 1918 to the end of 1992, Czechoslovakia proved that irrespective of its political system, the government had as one of its goals to reduce the number of groups in a numerical minority and the number of Hungarians and Germans, to do away with things needed by these groups to preserve and foster their identities, to subject them to economic discrimination, and to cripple them from a legal standpoint. As soon as the foreign policy situation permitted the government to do so, it tried to perform ethnic cleansing, by fully liquidating minority groups.

Accordingly, the period that lasted for three-quarters of a century produced mostly negative results: The personalities of members of the minorities were maimed, and their individuality and self-confidence were shattered. These people were socially degraded and robbed from an economic standpoint, both as individuals and as groups, evoking mass bitterness and fear.

The history and present situation of Hungarians in Slovakia proves best that the traditional efforts of national communities forced to become minorities to achieve equal status, their tiny fights, and local struggles to survive did not produce results, all they accomplished was to reduce the effectiveness of attempts to liquidate them.

The struggle wrought with compromises, pursued exclusively in order to secure minority rights, did not produce results during the past decades.

Accordingly, the ultimate lesson to be learned is that a qualitatively different solution must be found, one that is based on mutuality. The situation of various groups of people must not continuously or individually depend on the good or bad intentions of the majority. An equal ranking of these groups must be established, together with permanent, unquestionable and irrevocable legal guarantees.

2. Various Factors of the Solution

Several factors must be considered in seeking a new solution:

1. The solution should be capable of reducing the threat of new totalitarianism and destabilization in the Central European region. Unresolved issues related to minority groups could increase Central European tensions created so far mainly by extreme nationalist Serbian, Romanian, and Slovak political forces confident in their armed forces. In the absence of a democratic counterweight to these forces could further destabilize the region, Balkanize Central Europe, and endanger the entire continent. Their political effects could threaten the European process of integration, and, as an added consequence, threaten West Europe's economic and energy security. Central Europe serves as a transit area in East-West economic relations; the pipelines that carry energy resources (gas, crude oil) pass through this region to West Europe.

2. The solution to be found should set an example for groups experiencing similar situations, so that

—the threat of spreading ethnic wars evolved on former Soviet territories be reduced;

—a peaceful settlement be reached concerning Central and East-Central Europe's political transformation; and that

—the evolution of a conflict similar to that in Yugoslavia be avoided or prevented in the northern part of the Carpathian region.

3. The solution should reduce fear harbored by citizens belonging to the state's constituent majority nation concerning threats to state sovereignty. A reduced level of fear in this regard could lessen the insistence of the majority on molding the country pursuant to the ideal of a nation state.

4. The solution should be based on fully equal rights enjoyed by citizens and on an equal rank of a partnership between groups belonging to various nations.

5. The solution should aim for eliminating the national minority situation, it should progressively apply the Helsinki principles, and should support the evolution of a Europe belonging to nations with equal rights.

The only solution that can be reconciled with these considerations is one that fully eliminates the nation state concept based solely on numerical majorities and on oppressing others, and that recognizes from the outset the mutually limited right to self-determination of groups composed of people having the same identity, culture and traditions.

This means that the minority—in the traditional sense of that word—becomes not only a quantitative factor, but also constitutes a new, qualitative category. Indigent groups of people forced into minority situations so far would reacquire their original status of national communities. As a result they would become partners of an equal rank of the majority nation, i.e., the relationship would become one of associate nations.

3. The Basic Principles of Establishing a Relationship of Equal Partnership

For a number of reasons, Hungarians in Slovakia are the prime candidates for becoming an associate nation with whom a state based on partnership could be formed. The primary reasons are as follows:

—prior to 1918 the Hungarians of Slovakia were an integral part of the Hungarian nation, and were politically aware of being constituent parts of the state. This situation changed only when the area in which they resided was partitioned by state borders from the contiguous Hungarian territory;

—despite their oppressed status and multiple deprivations of rights, they preserved their ability to establish an independent political structure;

—they retained their social and demographic vitality; and

—preserved their settlement in their original structures.

In areas inhabited by Hungarians the degree of tolerance and faith in parliamentary democracy is far greater than in areas inhabited only by Slovaks. (For example, based on 1990-91 data provided by the Komensky University Social Analysis Institute of Pozsony [Bratislava], in pure Slovak areas 56 percent of the population approved of deporting Hungarians from Slovakia, while only 16 percent of Slovaks coexisting with Hungarians professed the same view. At the same time, the ratio of supporters of parliamentary democracies was highest among supporters of the Coexistence Movement.)

Recognition of one's right to his own identity, his homeland, and autonomous local government (autonomy) is decisive insofar as the substance of rights are concerned.

From a practical standpoint, the linguistic and cultural identity, the relative ratio of persons and groups of various identities, as well as their linkage to a given area—i.e., the artificial or spontaneous development of ethnic areas and regions—are decisive.

Laws must define the difference between municipal and regional autonomous governance on the one hand, and personal autonomy, including cultural autonomy, on the other.

Three proportional limits must be established in this regard:

I. Majority areas, where based on the smallest governmental jurisdiction or area belonging to an autonomous local government, or on a region established as a result of the association of several local governments, the population ratio of the same nationality (language) amounts to at least 50 percent, or constitutes a relative majority;

II. Minority areas, where in areas defined in I. above, the ratio of at least one population group of the same nationality (language) amounts to less than 50 percent,

but is more than 10 percent, or if that population group represents a relative minority;

III. Dispersion areas, where at least one group of the same nationality (language) represents less than 10 percent of the total population, or consists of at least 100 persons.

A method different from the one used so far must be used to determine the ratios of various nationality (language) groups, because people can be influenced when publicly declaring their nationality or native tongue. Secret balloting may be regarded as the most objective method: The residents of a municipality would secretly declare their nationality and native tongue consistent with the rules of general elections casting secret ballots on forms designed for this purpose.

Insofar as Hungarians of Slovakia are concerned, municipalities (local jurisdictions) in which a majority of the residents is Hungarian is relatively large even on the basis of the 1991 census, and these areas constitute a compact, contiguous unit. Some of the autonomous local governments have already become associated, others are in the process of forming associations. Municipalities associated this way could constitute Hungarian regions, or regions of a Hungarian character—ethno-regions.

Personal autonomy would evolve in municipalities located within a given regional association, in which the ratio of some group (national community) would qualify the area as a minority area, or as a dispersion area only. Accordingly, in areas where the majority of the people are Slovaks, Hungarians—in a numerical minority at the same place—would also be protected, and the same also applies in the reverse: Slovaks in a numerical minority would be protected this way in areas where the majority population is Hungarian. This reciprocity would guarantee the autonomous rights of communities in the minority.

The election of bodies representing personal autonomy could take place simultaneously with local elections. In addition to the number of local representatives elected based on the majority/minority ratio of the local populace, delegates to oversee the fulfillment of personal autonomous rights would also be elected.

Decisionmaking and financial authority would have to be accurately defined in regard to the regions (ethno-regions) as well as to personal autonomy.

The following fundamental principle must be established:

(a) ethno-regional organizing efforts must be based on the free association of autonomous local governments;

(b) issues affecting municipalities and regions must be decided by the local or regional autonomous local governments or by popular referendums;

(c) Autonomous local governments must render decisions concerning ethnic (national, cultural, school, and

so forth) issues related to majority populations or ethno-regions; the elected body overseeing the fulfillment of personal autonomous rights must render similar decisions affecting minority or dispersion populations.

Issues affecting an entire area of a region, but which pertain to interregional interests, would have to be resolved by regional popular referendums.

A three-tier taxation system should be developed: Taxes paid to local, regional, and the central governments should be mutually separated, and the amount taxes payable after locally created values, to which local and regional autonomous local governments are entitled, should be determined. A per capita amount of budget subsidy for public affairs, culture, and schools should be determined.

The official languages of autonomous local governments and regions should be based on ratios of people speaking a given language (nationality) within a given jurisdiction or region. The language spoken by a relative or an absolute majority of the population should be the first language among all languages used for official and public communications within a municipality or region. When contacting state organs at various levels outside a given municipality or region, the official language to be used should be the first language used in the local jurisdiction or region. It should also be possible to contact state offices and address public bodies by using other languages spoken in a given jurisdiction or region. Autonomous local governments and regions with different languages as their first languages should communicate with each other in the majority language of the country, i.e., the Slovak language.

Based on this structure, Slovak, Hungarian, and Ruthenian-Ukrainian regions, and Slovak, Hungarian, Ruthenian-Ukrainian, Croatian, German, and Roma personal autonomous regions could be established within the territory of Slovakia.

The above concept can only be realized on the basis of a political will consistent with European traditions, a democratic attitude, and under international guarantees. Resolving the nationality issue this way could contribute to establishing social balance in Slovakia, reconcile various nationalities in the region, and build good neighbor relations, all of which serve as foundation stones for economic growth.

*** Economic Program**

93CH0455C Bratislava SZABAD UJSAG in Hungarian
3 Mar 93 p 1

[Undated document: "Needed: An Economic Crisis Management Program"]

[Text] The system of economic policy goals announced in the movement's election program is appropriate; it need not be changed. Our main goal continues to be the development of a social market economy gentle to the

environment. We believe that our program appropriately defined the tasks and priorities, the development and performance of which serve as conditions for attaining the above-mentioned goal.

Since the announcement of our program, however, certain changes in public law, politics and the economy have occurred, which presented entirely new, and, unfortunately, much worse conditions in every field of life.

As a result of terminating the Czech and Slovak Federal Republic, and of the evolution of an independent Slovak Republic, we find ourselves under entirely new conditions, which are weaker and more austere in terms of developmental level and efficiency.

The Slovak economy was not prepared for independent statehood in terms of either structure or finances, or, from the standpoint of the internal and foreign cooperative system, including professional knowledge and experience.

We must recognize that the realization of our proclaimed economic policy goals has been endangered as a result of changes in Slovak politics.

Even if we do not surrender, in other words, if we maintain our proclaimed economic policy goals, we must recognize that the situation has deteriorated to a point where the Slovak Republic is in urgent need of developing an economic crisis management program. The development, and mainly, the implementation of such a program could only be based on the consensus of the various parties and movements seated in parliament, and could be realized only with the consent of, and sacrifice by the people. We believe that the most difficult and most sensitive part of the crisis management program is the unavoidable lowering of the people's standard of living, and within that, primarily the reduced consumption levels. Political responsibility for this situation rests with the parties and movements which initiated and supported the collapse of the federal state.

A crisis management program must include the following:

1.—the rapid continuation and implementation of privatization while "balancing" domestic and foreign capital, and the evolution of a Slovak and local entrepreneurial stratum;

2.—the transformation of the economic structure; the infrastructure must be developed; missing economic structures needed for independent statehood must be developed; existing subbranches (trades) subject to development must be modernized.

2.a—a solid legal framework for enterprising must be established consistent with EC standards;

3.—the largest possible volume of foreign capital investment must be attracted, giving preference to the influx of operating capital;

4.—the internal convertibility of the Slovak crown must be maintained; the acceleration of inflation and an inflationary spiral in the economy must be prevented;

5.—the effects of the new tax system on the functioning of the economy must be reevaluated, and changes must be incorporated to stimulate the economy and entrepreneurial ventures, and to ensure the existence of a social safety net for the needy;

6.—state household expenditures as part of the state budget must be reduced, and the reductions must come primarily from staff salaries and wages. This would result in a simpler and smaller state administrative staff at the mid- and upper levels. We should guard against issuing currency without appropriate backing to finance the budget;

7.—halt the economic decline, shorten the subsequent period of economic stagnation, then catalyze economic growth as fast as possible;

8.—the collapse of agriculture must be stopped. This can be accomplished only in the framework of a complex program embracing the entire branch, and only with significant funding by the state;

9.—putting back on its feet and strengthening the very weak, critical Slovak economy demands that the government pursue economic policies protective of the domestic industry and agriculture. Such policies must be pursued only in agreement with GATT and international organizations;

10.—it is in Slovakia's economic interest to establish close economic relations with the neighboring countries, primarily in the framework of the Visegrad Group, and to encourage the development of natural regional economic relations transcending the borders;

11.—market infrastructure development must be accelerated, and provisions must be made for its efficient operations (network of banks, securities exchange, investment companies, insurance companies, and so forth);

12.—public work project organizing efforts must be encouraged to stimulate the economy and to reduce unemployment, mainly in the areas of infrastructural and environmental investments.

* Territorial Reorganization

93CH0455D Bratislava SZABAD UJSAG in Hungarian
4 Mar 93 p 4

[Undated document: "Autonomous Local Governments, Intermunicipal Associations, Territorial and Government Administrative Reorganization"]

[Text] In the first local elections following the system change, the political and social organizing work of the Coexistence Movement has contributed greatly to the establishment of personal conditions for autonomous

local governance. The movement contributed 120 mayors and 2,500 local government representatives who work in the field of communal politics. In the wake of our activities a social milieu friendly to autonomous governance is in the process of evolving; this could strengthen the role of autonomous local governments in general, and the peculiar local governments of national communities in particular.

The movement established its own Central Autonomous Local Government Council over the past two years, designed to support the workings of local governments. The council has concentrated its work so far mainly on the establishment of incorporated intermunicipal associations. Regional associations of local governments have thus come about in the Csallóköz [Zitny Ostrov], as well as in the Parkany [Sturovo], Ipolyság [Sahy], Zseliz [Zeliezovce], Szepsi [Moldava nad Bodvou], Királyhelmec [Kralovsky Chlmeč] (Bodrogköz) [Slovak name unknown] area and at Zoboralja [Slovak name unknown].

We organized several regional meetings for local governments; these dealt with regional cooperation transcending the borders. The most significant of these were the meeting of local governments from the Bodrogköz and the Ung [Slovak name unknown] areas, and from neighboring Hungarian regions, the Paloc Regional Meetings at Losonc [Luzenec] and Balassagyarmat, and the late April 1992 Danube Conference which resulted in local government cooperation on the right and left sides of the Danube protesting the Bos [Gabčíkovo] hydroelectric power plant, and in the subsequent establishment of an organizing committee for a region that transcends the borders (Pannon Region).

Helping autonomous local governments, expanding their authority and their scope of area-wide (regional) cooperation is one of our most important tasks.

We regard the following as fundamental requirements:

—Slovakia must become a signatory to the European Charter of Autonomous Local Governments, adopted by the Council of Europe in 1985.

In addition to the above, Slovakia must incorporate the following documents into its legal system:

—Basic European Agreement concerning Cooperation Between Various Territorial Autonomous Local Governments and Various Authorities Along the Border, Madrid, 1980,

—the Basic European Charter for Regional Planning, and

—the Supplemental Memorandum to the European Human Rights Accord, concerning the Protection of Minorities, Strasbourg, 1 February 1993.

We will propose that:

—when adopting and ratifying the European Charter of Autonomous Local Governments, Slovakia incorporate into its new local government law every provision of the charter that provides effective legal protection for national communities, in addition to strengthening the freedom of local governments and individuals, and which establish the legal frameworks of local governments and autonomous organizations of national communities, and grant the special status consistent with the Supplemental Memorandum to the European Human Rights Accord, Concerning the Protection of Minorities.

With regard to the activities of municipal autonomous local governments, we will support legislation

1. **to encourage** a general grant of authority to autonomous local governments regarding schools, health care, construction and the development of settlements, environmental protection, and social welfare, while retaining the autonomous character of local government administration,

2. **to provide** an opportunity for the implementation of delegated state administrative functions pursuant to local conditions, in addition to providing the required financial resources,

3. **to guarantee** the territorial limits (cadaster) of the area of jurisdiction of autonomous local government organs by permitting changes in these limits only on the basis of popular referendums,

4. **to discontinue** the economic and financial disadvantage of settlements with few inhabitants, by providing legal guarantees for their compensation.

Regarding the workings of intermunicipal (regional) associations we will

1. **encourage** the mayors and representatives of municipal autonomous governments to establish additional incorporated intermunicipal (regional) associations,

2. **initiate** cooperation between the already existing regional associations of villages and cities, and regional cooperative efforts transcending the borders,

3. **foster** the designation of regions which enable the restoration of relations between municipalities on the two sides of the state border in a natural and democratic way, and consistent with European practices (Carpathian Region, Paloc Region, Pannon Region).

In conjunction with the territorial and government administration plan we will make initiatives through the Central Autonomous Local Government Council and through parliamentary representatives, which are consistent with proposals made thus far as well as with proposals concerning territorial autonomous local governments and personal autonomy, that this plan be implemented in observance of the borders of natural scenic areas as well as the cultural and linguistic interests

of national communities, with special attention to majority, minority, and dispersion areas.

Relative to territorial and government administrative arrangements we regard as important that the jurisdiction of the second level of autonomous local governments and government administration be restricted to natural scenic areas. Jurisdictional limits of government administration should be established in due regard to the fundamental interests of national communities: reserving a possibility to develop local and territorial organizations for personal autonomy, permitting the official and public use of the native language, and mandating that government administrative jurisdictions conform with the areas of jurisdiction of organizations of an ethno-regional character (intermunicipal associations).

Regarding Slovakia's territorial and government administrative division, the congress proposes to enforce basic principles that

1. Observe Recommendation 1201 of the Parliamentary General Meeting of the Council of Europe, with special attention to the principles contained in Article 11 of the Recommendation: In districts where persons belonging to a national minority are in the majority, such persons must be entitled to establish autonomous local governmental or autonomous organizations, and must enjoy special status (local government autonomy or government administrative autonomy);

2. Consider the fact that the Hungarian national community has preserved to this date its ability to formulate an independent political structure, its social and demographic vitality and its original structure of settlements;

3. Regard as territorial units the units that evolved around real economic, social, cultural, and transportation centers;

4. Start out with establishing the authority of autonomous local governments as a general authority, and which establish government administrative organizations consistent with the subsidiary principle (i.e., that higher level government administrative organs perform only those functions that cannot be performed efficiently by the lower level government administrative organs);

5. Recognize historical, cultural, ethnic, and linguistic peculiarities;

6. Consider the actual existence of, and will expressed by regional associations of municipalities;

7. Respect in every instance the results of local and regional popular referendums regarding the belonging of a municipality or region;

8. Establish a uniform institutional system incorporating all territorial and government administrative units throughout Slovakia (the principle of compatibility);

9. Establish three proportionate limits regarding territories that can be defined based on ethnicity or language use: majority area, minority area, and dispersion area;

10. Does not establish territorial and government administrative divisions to the detriment of national communities in a numerical minority.

The congress instructs the National Council, the parliamentary representatives, and the Central Autonomous Local Government Council to represent these principles.

*** Speeches, Proceedings at Coexistence Congress**

*93CH0454A Bratislava SZABAD UJSAG in Hungarian
1 Mar 93 pp 1-2*

[Article by -ngyr-: "Coexistence Is Open to Both the Right and the Left; 'Different Policies, a Different Government Are Needed'"]

[Text] The Coexistence Political Movement held its 4th national conference last Saturday and Sunday in Komarom [Komarno]. Of the 530 delegates 441 appeared at the conference: Jeno Boros, the acting ambassador of the Hungarian Republic, U.S. Ambassador Paul Hacker, Russian Ambassador Vladimir Poljakov, and Austrian Ambassador Maximilian Pammer took part as guests. Representatives of the Hungarian National Assembly, the Office of Hungarians Beyond the Border, the World Federation of Hungarians, the MDF [Hungarian Democratic Forum], the SZDSZ [Alliance of Free Democrats], the RMDSZ [Democratic Association of Hungarians in Romania], and the KNEM-Pax Romana [expansion unknown] were also present, and so were Hungarians in the Vojvodina and Croatia. From among the political forces in Slovakia, the MKDM [Hungarian Christian Democratic Movement], the MNP [Hungarian People's Party], the DBP [expansion unknown] and the Slovak National Party responded to the invitation, and a delegation of the Classical Movement was also present.

Miklos Duray delivered a very substantial analytical report after the opening ceremonies. "Three years ago we witnessed a system change, and a few weeks ago we saw the establishment of a new state," the chairman said. "For the second time in this century the Slovak people have gained independence," Duray said, and congratulated SZNP [Slovak National Party—SNS in Slovak] representatives present for their victorious political program. The Coexistence Movement must continue to pursue its politics consistent with realities, conveying an understanding of the historic times we live in, Duray said. "We must decide today the new structure in which the Coexistence Movement is to operate, one that provides for accountability, more discipline, and more tight-knit operations than before. The changes must not be introduced haphazardly. Our requirements have become more stringent; history's clock is ticking faster, and we, too, must set a faster pace for ourselves. We must renew our program, but not because the previous program has become obsolete or because its goals have been achieved.

Our original goals continue to be valid, but we must expand and develop these further, to be responsive to the radically new circumstances. We must adopt documents regarding several fundamental issues, and these must serve as our program until the next congress. One of the most important tasks we face is providing basic definitions for territorial autonomous local government and for personal autonomy."

In reviewing the events of the past three years, Miklos Duray pointed out the need to unite under the program of the Coexistence Movement people professing various political convictions, different ideologies. The people voted for the program when the system change was at issue. "Unlike many other groups engaged in political discourse, we are aware that the magic word 'democracy' does not mean an institutional system, and that democracy is not a cure for every social problem, but instead it is a system of principles that becomes absorbed in our minds slowly, one that makes the political and social machinery operate pursuant to those principles only gradually. There are no born democrats; traditions turn a person into a democrat. The situation is the same with human rights. Political forces directing the system change endeavored to adjust this system of principles, too, to fit their own political interests.

"We found ourselves in a paradoxical situation: We intended to pursue pragmatic politics, but in reality we had to defend principles, often in the course of ruthless battles. This, in the face of proclamations by the then ruling party concerning a need for political discourse at the level of principles, but which nevertheless took advantage of the first available opportunity to change the principles based on very pragmatic considerations. (...)

"From the beginning, we regarded the achievement of equality as our guiding principle. This means substantially more than the strict legal interpretation of the term 'equality,' equality under laws, or equivalence. It means a legal order which provides identical rights, opportunities, and the equal protection of laws to various groups of society.

"Classic democracy, i.e., the prevalence of the majority rule, does not provide an opportunity for the enforcement of identical rights, because this philosophy implicitly favors the majority based on its sheer weight in society. As compared to the tenets of classic democracy, we advocate the need to protect groups which constitute numerical minorities. For this reason we are confronted with those who recognized democracy only as the dictatorship of the majority, and the minority joining the majority as the sole rational solution.

"Compared to this perception, we defined the principle of having an equal rank, the prohibition to vote down the minority, and the minority's right to decide its own affairs. Proceeding on this path we reached a point where we defined the relationship of partners or associates, which presumes mutuality and reciprocity."

Consistent with this program Duray submitted to the congress a document entitled "The oppressed national minority should become an associate nation," seeking the congress' approval to declare this statement as a standard document of the movement.

The 4th Coexistence congress continued its work in the framework of four sections. One was given the assignment of drafting a political program, the second dealt with autonomous local governance, the third with educational and cultural affairs, and the fourth with the bylaws.

The political program section indicated that consistent with the given sociopolitical and economic situation, the Coexistence Movement must underscore in its political statements the importance of a legal settlement, which ensures social reconciliation, the enforcement of the autonomous rights of, and the right to self-governance by national communities in the minority, and full equality with the Slovak nation. At the same time, the Coexistence Movement must support economic and social policy endeavors, and develop policies which support economic recovery in Slovakia as a whole. "The country's economic policy must be fundamentally redefined in order to reduce unemployment and to halt impoverishment. Financial policies must be adjusted to meet the requirements of international monetary policies. Privatization must be accelerated. More favorable conditions must be established for the evolution of private banks and for international financial institutions to do business in Slovakia. Credit and tax policies must encourage private enterprise. A new state subsidy system for agriculture must be developed, mainly to boost small agricultural plants and farming enterprises." The congress approved documents relative to economic crisis management, and declared that its experts were willing to participate in developing a consensus-based national economic crisis management program jointly with Slovak political forces.

As Duray stated in his report, the country was facing collapse. "The policy line dictated by the government is fundamentally mistaken; in its present form, the policy cannot be improved. Slovakia needs different policies, a different government."

During debate, several persons called for a more radical change in direction, a political discourse more becoming to a political party. Some individuals called for changing the Coexistence Movement into a party, while others were opposed to changing the movement into a political party on grounds that the movement was better suited to accommodate diverse views. The congress decided that henceforth, the Coexistence Movement would have regular members, honorary members, and supporting members. Regular members would be held accountable if they acted in a manner inconsistent with the movement's political program.

The congress failed to provide a more accurate political definition for the movement. The definition of a "conservative-liberal centrist movement" was changed to the effect that the Coexistence Movement regards itself as a centrist force, open both to the Left and to the Right.

The fact that the Coexistence Movement congress approved the idea that Hungarians of Slovakia define themselves as a "national community," and that the term "minority" be used as an adjective designating a numerical ratio only, is a significant achievement. The self-defined concept of "national community" also means that the Hungarians of Slovakia regard themselves as part of the universal Hungarian nation, and as such endeavor to develop partnership relations with the Slovak nation and the rest of the nations residing in Slovakia. True, a few delegates expressed concern that this definition would only irritate the Slovak nation. Therefore they would have preferred not to agree upon this definition, but this remained a minority view.

Pursuant to the bylaws, the congress elected the movement's new officers and leaders for a two-year period. Miklos Duray was reelected as chairman of the movement, while Arpad Duka Zolyomi became the general vice chairman. The National Council has 64 members. The movement's controllers' committee was also elected, and so was a five-member ethics committee whose function it would be to judge the activities and statements of regular members speaking on behalf of the entire movement.

* Lawsuits Against Press by Jeszenszky, Others

93CH0449B Budapest HETI VILAGGAZDASAG in Hungarian 6 Mar 93 pp 74-76

[Article by Endre Babus: "Libel Suits"]

[Text] Foreign Minister Geza Jeszenszky is suing a Hungarian "hard core" gossip newspaper for damages resulting from the defamation of his character. The magnitude of the amount is unprecedented in Hungary. Last summer's news scandal, as a result of which politicians and authorities intend to apply a series of legal sanctions, continues this week in the form of a criminal proceeding.

The criminal trial of the weekly newspaper HETI SZUPER PSZT! begins this Thursday in Budapest. Last year the newspaper raised suspicions about the Hungarian foreign minister's communist secret agent past (HVG 15 Aug 92). The prosecutor's office named no fewer than four defendants—the editor in chief, the composition editor, the head of the photo section, and the director of the limited-liability corporation that publishes the newspaper—and requested the Central District Court of Pest to punish every member of the "criminal conspiracy" with suspended prison sentences and, as secondary punishments, by requiring the payment of penalties. A civil suit is also pending along with the criminal case based on a complaint filed by the

minister of the interior: Foreign Minister Geza Jeszenszky, acting in his capacity as a private individual, filed suit at the Budapest court demanding that the newspaper pay damages amounting to 10 million forints, the equivalent of six years' worth of Jeszenszky's ministerial salary. Beyond all this, the head of Hungarian diplomacy (who paid 330,000 forints in court costs at Marko Street when filing the suit) requested that the court conditionally consider yet an additional sanction, the imposition of a so-called public interest fine, in case the court awards damages payable by the defendant newspaper in a lower amount than requested.

This SZUPER PSZT! case presents a truly rare situation from a legal standpoint. The case of the gossip newspaper demonstrates more clearly than any libel suit before that in today's Hungary it is possible to use three kinds of legal arsenals originating from three historical eras against slanderous (or, at least, allegedly slanderous) news media. The Hungarian administration of justice inherited the criminal sanctions from the party state, the legal monster called public interest fine came from the constitutional revolutionary period of 1988-90, and the latter has, in recent years, begun a new life of its own in the form of a third sanction, requiring the payment of damages—financial compensation characteristic of solid civil states.

In recent years, ruling party forces, and, on occasion, opposition representatives, have manifested a great liking for experiments with setting in motion the criminal law machinery against newspapers regarded sometimes as obscene, and as defamatory or politically extreme at other times (HVG 1 Jun 1991). Courts, on the other hand, are cautious with the criminal impeachment of publications of the press, and a number of cases like this have been dismissed during the past years (see boxed item). The press was further encouraged to explore and to clash various political views, when the Constitutional Court declared in May 1992 relative to the SZENT KORONA case that only the coarsest of attacks—i.e., articles openly inciting against peoples, nations, religious denominations, and races—can be punished by prison sentences or be made subjects of criminal sanctions, and that conversely, the use of expressions offending or demeaning these communities is "permissible" as part of one's constitutional right to freely express views. The Constitutional Court pointed out that if the latter were persecuted, no tolerant democratic public opinion capable of appropriately reacting to extreme views could evolve.

After "glasnost" broke out in Hungary, in the final hours of its mandate, the previous parliament found that introducing a new sanction to harness the press could no longer be delayed. In January 1990 the former house of representatives had the courage to obligate newspapers to pay financial compensation for articles that qualify as slanderous (by setting aside earlier socialist dogmas), but was not brave enough to authorize the payment of damage awards made under this provision to the person who had suffered the damage (HVG 20 Jan 93). By

amending the 1986 press law of dubious reputation, it became possible to fine the press for slanderous statements up to half a million forints, to be paid to the county local governments. The most recent case occurred last fall, when a judgment against UJ MAGYARORSZAG forced that newspaper to pay 50,000 forints to the Budapest "treasury" for offending SZDSZ [Alliance of Free Democrats] parliamentary representative Bela Kiraly. A few weeks earlier the magazine KACSA suffered the same fate, for mistakenly "naming" Representative Istvan Balas, rather than MDF Representative Gyorgy Kiss, as one who beat up his mother-in-law. "Few feelings are more sweet, more lustful, and more intoxicating than being able to take a glance at, moreover, to dig into the somewhat stormy, confused lives—to put it mildly—of our fellow men, and particularly, if these happen to be National Assembly representatives." The gossip newspaper began its parliamentary report showing the photograph of the innocent Representative Balas with these words. It, too, had to pay a 50,000-forint fine for the above-described mistake, in the end.

Insofar as legal provisions that set limits for the press are concerned, one cannot object to the fact that these provisions enable courts to pronounce judgments against the press; objectionable is the fact that a newspaper can be made the subject of various suits for one and the same publication, and can be punished based on several kinds of sanctions. Back in 1991, the editorial office of KURIR was probably first to realize this, when it was forced to pay to the Budapest local government and to four university students not only 100,000 forints for slander, but also an additional compensation of 500,000 forints for a photograph published under the heading "Nudism Relaxes Inhibitions." The photo reporter took a picture of the four university students at a Delegyhaza swimming pool and used that picture to illustrate a report about a lady with an active life.

Financial compensation to be collected for moral damages probably has a great future. The fact that at present not only Foreign Minister Jeszenszky is experimenting in Budapest with collecting these kinds of damages, but also Imre Konya for example, obviously has something to do with the luring opportunity to receive tangible compensation. Konya is seeking 1 million forints in damages from the editorial board of BESZELO for publishing a street poster on which someone drew a Swastika, and on which the faction leader's name appeared along with the names of Istvan Csurka, Jeno Fonay, and others.

As a result of "resurrecting" in courts the old Hungarian legal concept of smart money in recent years, there probably is no obstacle whatsoever in the path of the state to offer such compensation to its citizens for slanderous articles. Paralleling this, it might be appropriate to take action so that a newspaper sued is permitted to be skinned preferably only once for any given article. But instead of doing away with the fine payable for slander—a measure the National Assembly intended

as a transitional provision in 1990—the government's new draft legislative proposal concerning the press would do the exact opposite and would strengthen the sanction, increasing the maximum fine 30 times the present amount, up to 15 million forints (HVG 30 May 1992). The same way, there is no indication that the cabinet wants to abide by the advice of a few legal experts who call for the removal of the crimes of defamation and slander from the Criminal Code of Laws. The opposite trend prevails: At press time, as recommended by the government, parliament was preparing to increase criminal sanctions for offending a public official from two years to three years in prison, applicable to special cases of defamation like that of Jeszenszky's. The coalition government apparently intends to take advantage of the strategy used against SZUPER PSZT!—i.e., holding in check the press from three sides—in the longer term. Thus, today a gossip newspaper, tomorrow a comic paper, and the day after tomorrow a political newspaper may have to face the possibility of triple retaliation.

[Box, p 75]

Charges Returned

In recent years authorities and politicians failed in several instances with their politically tainted lawsuits against the press. We list only a few of the criminal cases closed by courts of last resort.

REFORM: Violation of State Secret?

On 14 December 1990 this magazine published certain details of the 1986 Hungarian arms trade agreement with Libya. The article was first to publicly prove that by delivering electronic listening and interference devices, the Kadar system actively assisted the Qadhafi regime that supported terrorism. Three ministers of the Antall cabinet filed complaints for airing these documents. In 22 months of criminal proceedings, neither the Budapest Court nor the Supreme Court found the defendant guilty. The judgment held that the accused editor had good intentions when publishing the document classified as a state secret—received by the editorial office from an unknown source.

BEKES MEGYEI HIRLAP: Incitement?

Ruling party representatives Zsolt Zetenyi and Istvan Marko filed a criminal complaint against one of the writers and the editor in chief of this daily newspaper on 6 May 1991, on grounds of inciting against the community. "It is disturbing that our fate is decided on the basis of 'compromises' reached by lead speakers with foaming mouths and sly despots.... Many 'legitimate' airheads..." the article stated, and also included additional, unquestionably coarse attacks on politician elected on a democratic basis, the local court claimed. Despite this statement, the judgment pronounced on 18 June 1992 declared the defendants innocent, claiming that none of the attacked politicians was named, and thus the offended persons could not be identified.

Tilos Radio: Violating Press Regulations

Two young men accused of operating the Budapest pirate station called Tilos Radio were declared innocent by the Central District Court of Buda on 28 October 1992, because the court did not find sufficient evidence to prove that the defendants had actually operated the radio station. The police initiated an investigation of the alleged operators of the radio established in 1991, based on a complaint filed by the Frequency Allocation Institute, because the station did not have a permit to broadcast. (In violation of the Constitution, the authorities have refused to issue such permits in Hungary for four years now.)

NEPSZAVA: Offending the Authorities?

Based on a complaint filed by Interior Ministry Deputy State Secretary Laszlo Korinek, the newspaper's crime reporter was presented in court on 15 May 1991, eight days after publishing a report on Peter Zwack's house fire. Referring to an unnamed informer, the reporter stated that the investigation of the fire incident "had been discontinued as a result of a telephone call received from a highly placed person." On 18 January 1993 the president's council of the Supreme Court declared that the reporter was innocent; according to the judgment of the court the references contained in the article were too general to shake public confidence in the operations of any authority.

* Military Security 'Improved' Despite Problems

93CH0437A Budapest KOZTARSASAG in Hungarian
26 Feb 93 pp 87-89

[Article by Andras Babos: "Military Security; Hungary's Vulnerability"]

[Text] What effects do the dissolution of the bipolar world order, the emergence of the unipolar world order, and the escalation of nationalist tensions into armed struggle have on the security of the Hungarian Republic? These are some of the questions technical writer Andras Babos is attempting to answer. The analysis reveals that in spite of dangerous situations in our environment, the security of the Hungarian Republic did not decrease, but rather increased in the last few years.

After the collapse and dissolution of the countries of East Central Europe, and especially of the Soviet Union, the region found itself in a security vacuum unparalleled in the 20th century. Political crisis management based on the balance of the fear of the antagonism of superpowers became completely unusable in the current era which presents huge opportunities, but is at the same time fraught with dismal dangers.

The danger to the peoples and states of the region, which are at very different organic development levels, is caused precisely by this organic diversification in their economic, political, and cultural levels. A good example for this is the south-Slavic tragedy, as well as the civil war

raging in some southern republics of the former Soviet Union. It is a peculiar paradox of fate that in most crisis herds the Communist leadership, which earlier professed internationalism, is attempting to preserve its status, its legitimacy, by stirring up nationalist passions, and riding on their waves, as it were, presents itself as the nation's indispensable savior. Its possibilities to do so are all the greater, the more the earlier great or small empire swept problems under the rug, the more it made it impossible for people to experience and gratify a healthy national feeling under consolidated bourgeois circumstances. For these reasons, almost as a necessary consequence, the earlier small and large Slavic empires, the former Yugoslavia, and the Soviet Union became the most endangered regions.

What effect do the dissolution of the bipolar world order, the emergence of the unipolar world order, and the escalation of nationalist tensions into armed struggle have on the security of the Hungarian Republic?

Guarantees Are Necessary

It is not easy to evaluate the question because the processes are very contradictory. Earlier, in the shadow of the nuclear rockets of a total political and military antagonism, we vegetated adequately, if with a sinking heart, because it was possible to believe, we wanted to believe, that in the secure knowledge of mutual destructibility, neither party will take on itself the horrible historical responsibility of pushing the button. Now, in principle, we could breathe easier, but after the evaporation of Eastern bloc discipline, the level at which crises can be initiated has sunk practically to the "political" level of gangs of thieves and robbers consisting of few dozen armed marauders. Thus, while the danger of total annihilation shows a decreasing trend, the danger of partial devastation and destruction is on the increase. And every partial devastation harbors the danger of an escalation of the crisis. However, in this fairly turbulent security crisis situation, there are a few new, encouraging moments.

At the end of the 1980's, the series of negotiations on arms reduction and confidence building in the framework of the Conference on Security and Cooperation in Europe [CSCE] has proved to be a new cooperative European and North Atlantic forum which, if certain prerequisites exist, can take efficient steps to prevent the expansion and elimination of crises.

Under the auspices of the CSCE process, which has 51 member states at the moment (Serbia was suspended last summer), two continuous negotiating forums were established (on European conventional weapons: Conventional Forces in Europe [CFE], and on building confidence and security: Confidence and Security Building Measures [CSBM]), which played and continue to play a large role in building military stability and security in East Central and Eastern Europe.

Well before the peaceful revolutions in Eastern Europe, the CFE and CSBM processes challenged delicate questions like the sense of the existence of the Warsaw Pact, and the necessity of an East Central European policy on security and defense independent of the Soviets. Of course, this was the merit and initiative of Eastern European delegations—as victims—and prominent among them, the Hungarian delegation led by Dr. Istvan Gyarmati, with its determined and at the time unique initiatives. The Hungarian delegation to the CFE during the Vienna arms reduction negotiations has documented merits in the peaceful disintegration of the Warsaw Pact and in the fact that in spite of every dangerous situation in our environment, the security of the Hungarian Republic did not decrease, but rather increased in the last few years.

The Degree of Danger Before and Today

First of all, with the departure of the Soviet troops and the dissolution of the Warsaw Pact, Hungary ceased to be a potential nuclear target for the Western powers. Parallel to the establishment and consolidation of independent Hungarian policy and democratic public life, in the eyes of developed bourgeois democracies, Hungary tacitly acquired the status of a "quasi-ally."

This is reinforced by the determination which Hungary expressed several times: We would like to become members of the European Community, NATO, and the Western European Union as soon as possible. Stipulating conditions is the job of the Western party, but creating them is ours; however, even the declaration of intention in itself, which was expressed repeatedly, provides certain security guarantees. These can be discerned from the shades of Western formulations which, although they refuse to allow us to establish a complete membership status with any of the common European institutions either before, or together with, the members of the European Free Trade Association [EFTA], they stress every time that Hungary is not defenseless, and the West would not look on indifferently if an armed crisis escalated onto the territory of Hungary.

Thus, on the level of political intentions, we enjoy in principle political protection of a not negligible significance. It is another question that certain guarantees can only be provided by full membership in the future. However, there is already a "hard" area in which our security has objectively improved, independent of our status in Western European institutions: in the area of arms reduction.

As a result of the first round of the CFE negotiations, on 19 November 1990 a charta and a treaty were signed in Paris which summarize the fundamental principles of building confidence and security in Europe, and which stipulate strict upper margins in the five most important arms categories (military airplanes, military helicopters, tanks, armored military carriers, and artillery devices).

With the stipulation of these upper margins, the point of departure was a new fundamental principle of security

policy, according to which it is superfluous to amass military devices necessary for multiple mutual elimination, because security is not essentially impaired if each contracting party reduces the amount of arms in proportion to its necessity for security, and to the size of its area. Amassed military devices only strengthen distrust and suspicion in everyone, whereas if it is possible to reduce the number of military devices in the course of a process lasting several years to a level which makes European armed forces a priori incapable of carrying out attacks, this would be a huge step toward an objectively guaranteed military security.

Since a potential attacker can only initiate aggression with any hope of success if the amount of its forces and devices is at least three times that of its potential victim, in the case of an arms reduction, the countries with comparable area and population will be unable to post such superiority, and this dooms every potential aggressor and aggression to failure, and, in turn, increases security. The problem of states which cannot be compared to each other is resolved by the fact that all 51 member countries have a contractual-cooperative security relationship with each other, and the smaller ones cannot become victims of aggression because each potential aggressor possessing a greater force would be set against the opposition of all the others. The south-Slav tragedy is difficult to manage in the CSCE process because it was not created for this purpose.

And NATO was not, either. The south-Slav crisis started as a problem of internal policy within the still unified Yugoslavia, whereas the CSCE was created to avoid military crisis situations between states. It simply had no mandate for the escalation of the crisis: not only for intervention, but for interference, either. In the meantime, the pressure of life necessitated the creation of new arbitration mechanisms and forums which will enable the creation of an institutional system of guarantees to solve an escalated crisis of internal policy of the south-Slav type, as well. However, time and consensus are necessary to achieve this.

It will become apparent from the tables to what extent our objective security guarantees were increased by the system of national upper margins for arms which were developed in the framework of the CFE-I after long discussions.

The data show that Hungary's security is going to increase by the end of the reduction period, because a much more favorable proportion of the most important categories of arms will evolve in our region. We must also take the fact into consideration that since 1 January 1993, Slovakia is an independent state, and its share of Czechoslovak arms limits is one-third. Depending on our financial possibilities, we might even considerably increase the number of our fighter planes. Because Yugoslavia did not participate in the CFE negotiations, in its case we cannot talk about armament levels, but a decisive portion of the arms of the dissolving southern-Slav state remained in Serbia's possession.

All in all, at the moment there is no discernible political intention to apply organized force by any state against our country. The process of arms reduction inhibited the objective possibilities of such a potential action. Every East European state is primarily preoccupied by its internal problems.

However, precisely because of the lack of a quick solution for these problems, at times we endure and witness a flaring up of artificially induced, state-supported nationalist hysteria. Nationalism together with arms form a flammable material. However, our objective chances for security are also favorable because every state is attempting to obtain the good will of Western democratic superpowers. To this end, peace-loving, democratic interior and foreign policies are necessary.

However, we don't know to which extent the hungry and cold Russian people, injured in their national pride, can be manipulated by conservative bolshevik populism and nationalism. We cannot be completely sure of the loyalty of the Ukrainian, Romanian, Slovak, and Serbian states towards our national intentions; it is an indicator that they are intolerant towards our minorities. Thus, the military factors of vulnerability are decreasing, but military policy is only one—and currently not even always the determining—factor of our security policy. Among the factors we find functions of policy, diplomacy, ecology, humanitarian interests, international law, and the protection of minorities, and in these cases it is difficult to find such clearly delineated positive factors as military security.

Nevertheless, military security can form the foundation of a process of rapprochement, fraught with regressions, but still universal, which comprises all segments of a widely interpreted security policy, because this is the interest of the people who live in our region.

	Soviet Union or the legal successor, Russia		Romania		Czechoslovakia		Hungary	
	A ¹	B ²	A	B	A	B	A	B
Military planes	5,955	5,150	380	430	407	345	113	180
Military helicopters	2,200	1,500	220	120	101	75	96	108
Armored military carriers	45,000	20,000	5,000	2,100	4,900	2,050	2,310	1,700
Artillery Devices	50,275	13,175	6,600	1,475	3,445	1,150	1,750	840
Tanks	41,580	13,150	3,200	1,375	4,585	1,485	1,435	835

A: Number of arms at the time of the treaty.

B: Arms remaining by the end of the reduction period (3.5 years)

* Political, Technical Aspects of Military Problems

93CH0437B Budapest KOZTARSASAG in Hungarian
26 Feb 93 pp 21-22

[Interviews with Brigadier General Nandor Hollosi and Dr. Rudolf Joo, deputy state secretary at the Defense Ministry, by Andras Kegyes; place and date not given: "Arms Development: Standing on Several Legs"]

[Text] *The independent Hungarian army is trying to fulfill its duties as completely as possible in new circumstances of internal and international policy. It seems as a contradiction that while the new defense doctrine has a definitely defensive character, the perhaps most depressing problem of the army is the development and modernization of its arms in an increasingly tight financial situation. The interviews conducted by Andras Kegyes explore the political and professional aspects of the problem. Brigadier General Nandor Hollosi, chief of the material and technical section of the Hungarian army, deputy of the commander of the Hungarian army, and Dr. Rudolf Joo, administrative deputy state secretary at the defense ministry, answered his questions.*

[Kegyes] General Hollosi, the predecessor of the Hungarian army, the Hungarian people's army, was until

recently part of the unified armed forces of the Warsaw Pact. This time is irrevocably past. Are we left very much alone?

[Hollosi] Yes, circumstances changed considerably, and so far the army was not able to follow these changes in everything. This has primarily financial reasons. In accordance with the Warsaw Pact doctrine, the military technology of the people's army was offensive; now, we have to change it into a defensive technology. The goal is on the one hand to decrease offensive arms, on the other, to modernize and develop defensive devices. In the former area we can show considerable achievements, but in the latter we have serious problems.

[Kegyes] How do you imagine the problems can be remedied?

[Hollosi] As we usually say, concerning the technical equipment of the army it would be desirable that it "stand on three legs." The first one of these is that out of practicality and necessity, our ties with Russia and the other countries of the Commonwealth of Independent States remain; the second one is the utilization of the products of domestic industry, and the third is the utilization of Western military technology. The latter will probably become attainable only gradually.

[Kegyes] Let us take these possibilities one by one. The current economic, industrial, and even political instability of the former Soviet Union hardly creates the impression of a solid business partner or a reliable supplier. As a result of the dissolution of the Warsaw Pact and the economic changes, the domestic military industry is in a state of agony. And the financial reality of shopping in the West is well-known. How is the army standing up on these three legs?

[Hollosi] It will stand up, as soon as there is enough money. But there isn't any yet, and until the situation of the budget improves, there probably won't be any. It seems that today the budget is not yet able to provide the money which we consider necessary. We have an army, and it has a certain task. But today a budget subsidy that would ensure that it could fulfill this task under improving or, in the long run, unchanged material and technological conditions, is not yet available. Today we carry out our task on an adequate level, but we can only do this by partially and gradually using up our reserves. Hopefully this year we will receive the spare parts of German origin; however, this is nothing more than a one-time injection in several important areas. If the perception of the budget doesn't change for years, then the material and technological situation of the army will have to be reevaluated.

[Kegyes] How did the defense get into such a difficult situation, and how can one explain the superiority of the surrounding countries, formerly also members of the Warsaw Pact?

[Hollosi] Indeed, ours is the smallest, weakest army in the region, although Slovakia appeared on the scene now as the rearguard. It is important to note that the superiority is primarily quantitative, but not exclusively. One reason is that, in the time of the Warsaw Pact, Hungary often did not fulfill its obligations. After a while the Soviets turned a blind eye to the fact that we didn't buy as many arms and the kinds that they tried to oblige us to buy. The other member countries generally conscientiously bought everything; a lot, and modern ones. This is how it can be explained that we are the only ones who have no Mi-29 or SZ-300 antiaircraft rockets. Thus, when we acted correctly back then, namely that we didn't spend money on things that we saw no reason to buy, what we considered to be superfluous expenditures, those things are missing now. We must note that back then, one could (have) bought military devices for a so-called political price, not for the actual price, as opposed to the present situation.

[Kegyes] Could you give an example where the shoe pinches the most?

[Hollosi] For instance, in the air force, money is only available to satisfy half of our already reduced demands; or as another example, the amount that can be applied to clothing is less than half of what is necessary. For a while

we can live on our reserves, but it is obvious that this is a short-term solution. Certain branches are in a difficult situation already.

[Kegyes] Let us take a closer look at the situation of the air force, not only because of its importance, but also because this is perhaps the Achilles' heel of the Hungarian army.

[Hollosi] The MiG-21's, which form the bulk of the domestic fighter planes, reflect the Soviet technological level at the end of the sixties. Of this type, we have planes manufactured in 1974; they have been in service for close to 20 years. The neighboring countries also use a considerable number of this type of plane, but beyond that they have planes which are several generations advanced beyond this point. The fighter planes in our system are all inadequate to fulfill the requirements of dependable defense. It is a realistic expectation that the development level of a part of our airplanes should match the technological level of the best fighter planes which exist in the neighboring countries. This is a requirement of closing the gap, and is perhaps not a excessive demand from the military point of view.

[Kegyes] Will it be a solution that negotiations are under way to settle the \$800 million Russian debt by supplying military equipment?

[Hollosi] I will not make it a secret that originally we were not thinking of airplanes. We wanted to strengthen air defense by rocket technology. It seems that this did not meet the original ideas of the Russian party. According to the present—unfinished—status of the negotiations, it seems that they are not in a position to deliver the system we stipulated.

[Kegyes] They don't have it, or do they want to be the only ones who have it?

[Hollosi] This is not what the problem is. They manufacture it, and they sell it in the world, as well. Why they cannot deliver it to us, one can only guess. In one version of their offer, the MiG-29 is indeed included. We are studying this offer as well as the others, but in my opinion these negotiations will be drawn out. And we are pressed for time, because the spare parts for a portion of the technological equipment we have will slowly disappear from the lists of available products.

[Kegyes] Does this mean that the Hungarian army will become a salvage plant because spare parts are no longer manufactured for the antiquated technology?

[Hollosi] Indeed, there are services where the situation can become difficult in the near future already. For instance, in the area of certain military equipment, the Russian partner indicated that after 1994 they will not be able to satisfy more considerable demands for spare parts. Thus, we must make a decision how long we want this equipment, and we should buy and store the spare parts accordingly. It seems worrisome to base the fitness for service of, for instance, our air force, on such more or

less insecure future resources. At the same time it is easy to realize that the present situation of the economy doesn't allow us to satisfy the demands of our army on the currently more secure Western market, and it is also obvious that for the time being, Eastern technology can be adapted to the existing equipment of Soviet origin with less expenditure. Still, we must consider that in this way we will perhaps conserve our problems for decades, with partners and in an environment which are currently—I will venture the statement—not really predictable either politically or economically.

[Kegyes] With the consensus of all six parties, in other words, with a rare but all the more welcome agreement, a document was created which is known as the defense doctrine. What is the declared role of the Hungarian army according to the document?

[Joo] The doctrine attempts to survey Hungary's security in the broadest spectrum. Thus, it takes aspects of foreign policy, economy, ecology, and of course defense, into account. It is an important element of the document that it invests the military basically with tasks of defense, and its employment is imaginable only as a last resort.

[Kegyes] What tasks were or are necessary to establish the defensive nature of the army?

[Joo] This process has already begun before the document was formulated. We decreased the armament of the army; for instance, we withdrew tanks and destroyed all Scud missiles in our possession. We were leading in this area at a time when we were not yet bound by any treaties. True enough, a considerable portion of them did not count as efficient weapons even back then, but their destruction, which is now mandated by an international treaty, cost a large amount of money. We altered the position of the army within the country, and thus the obviously offensive orientation toward the West was abolished.

[Kegyes] Were these measures greeted by an undivided, positive echo abroad?

[Joo] Unfortunately, not everywhere. Our attempts to position the army within the borders in a balanced way, according to which units were moved from the Austrian border to the eastern and southern parts of the country, are unfortunately regarded as a threat by some foreign politicians. Although it is impossible to see an offensive intention here for the reason that even today there is a certain imbalance in favor of the Transdanubian region [part of Hungary west of the Danube] based on a certain old doctrine.

[Kegyes] Knowing the current parameters of the army, it is to be feared that it can only fulfill its tasks in accordance with its modest possibilities. Does the country's political leadership take this into consideration?

[Joo] Undoubtedly, the army is in a difficult situation, but not in a hopeless one. In spite of its difficulties, it is able to carry out its basic functions. But unfortunately it

is true that currently we don't have an exact picture that in two or three years when a considerable portion of antiaircraft defense and the air force will have to be replaced, with what resources, what financing will we be able to do this. For instance, these are questions to which the professional and political leadership is frantically trying to find answers.

[Kegyes] Doesn't this frantic search elicit distrust in the area? Don't we have to fear that our intention to buy or our completed purchases will initiate an arms race in the region?

[Joo] Characteristic to the region, an international agreement is in force which regulates the strength of the armies and limits the military technology present in the region. Hungary's air force is greatly below the allowed quota; for instance, the number of our fighter helicopters could be increased threefold. If we develop these areas, no one can misconstrue it.

Up to now, from prominent political circles we did not hear any statements which could indicate apprehension. Of course, there are extreme phenomena everywhere. Politicians who are generally regarded as soap-box orators, have a hostile interpretation of Hungarian facts which the official policy of the given country does not attack.

[Kegyes] This is perhaps why the sculptors of internal and foreign policy are invested with an increased responsibility. Doesn't the fact that occasionally shouts about "Trianon" are audible from Hungary make it more difficult to have our defensive military policy internationally accepted?

[Joo] The entire Hungarian internal policy recognizes this responsibility. The parliamentary parties conduct politics in a cool-headed manner. This doesn't mean that the Trianon problem doesn't exist. This is a painful and not yet digested issue not only for us, Hungarians, but for the entire region.

[Kegyes] Concerning the existing or expected conflicts of the region, what is the danger of Russia's privileged position as the sole supply source? All of the former Warsaw Pact members possess the same Soviet military equipment, and their operation creates a vulnerable position. Can Russia utilize this to achieve its goals? Can it manipulate the region?

[Joo] It is a legitimate dilemma to what extent the \$800 million Russian military delivery, which we sorely need and which doesn't mean extra expenditure, will strengthen the unilateral dependence which we also feel now. Every sober military politician must pay attention to this problem. At the same time I must say that so far we have not experienced any tangible, concrete indication of such an intention. Of course, this is true for February 1993, and an unpredictable, undesirable internal change from whichever side could cause serious problems. Moreover, although the Russian military

industry is dominant, the Commonwealth of Independent States doesn't consist of Russia alone. At any rate, we have innumerable reasons to definitely and quickly associate with the West in this important area, as well.

*** Interior Ministry's 'Elite' Border Guard Units**
*93CH0437C Budapest KOZTARSASAG in Hungarian
 26 Feb 93 pp 16-17*

[Article by Janos Adonyi Sztancs including discussion with Captain Gyula Gal, unit commander, near Pecs; date not given: "This Is the Elite; 'Ekshen Forts'"]

[Text] Select troops, select officers. This is what the "personal ranks" of action forces consist of. These boys belong to the elite of the armed forces; they know everything necessary to incapacitate a smaller attacking group. There is only one problem: technology. Someone who put on the greens one quarter of a century ago will find no new military equipment in the action force. Janos Adonyi Sztancs visited one of the rapid response border guard units, Action Force No. 1, or rather, their drill ground.

"These are super kids," says Captain Gyula Gal, commander of the action force, "but they must sweat blood, just as the professionals. A 20-km march with tactics thrown in doesn't phase us one bit. For instance, the other day the walk in the Mecsek took place in the snow. On these occasions I march at the front, wearing the same outfit as the kids. By now a kind of group spirit has developed, which is based on camaraderie and the consciousness of belonging to the elite. I don't have to be afraid that in a combat situation I would get a bullet in my back."

"What combat situation are you talking about?"

"For instance, last April we suddenly had to appear at the border. Five-hundred meters from us, a regular battle was being fought between Serbs and Croats. We were able to see live what the T-72 tank is capable of. Within seconds, I and the company dug ourselves in, loaded the guns, and waited. We would not have allowed the neighbors' battle to spill over on Hungarian territory in any way.... My kids were so determined—I take my hat off to them."

"How great a force are you able to hold up, captain?"

"A battalion for sure, if we have time to dig ourselves in."

"How many of you are there?"

"Ninety-six."

"Suppose 10 tanks with 200 men spill over...."

"We have our plans; the attacker wouldn't have much of a chance."

"How can one forge a unit with a superb fighting ability out of the rank and file?"

"First of all, not everyone can join us. For instance, people with criminal records are excluded. Further, the company is screened three times, and all three times a psychologist talks with every single person. Anyone who is left-handed, wears glasses, or is shorter than 170 cm cannot be considered. On the other hand, we welcome those who pursued martial arts in civilian life; we currently have some in the company. Also, the majority graduated from high school. The required physical stamina means in practice not only that one must be good at the eagle wing, but also that one cannot be sick often. We are constantly on duty, so we cannot afford that. If someone is sick for a week, he finds himself outside the company the second week. Right, Nadasi?"

"Yes, Sir."

Nadasi is the driver; he takes us to the drill ground. He had bad luck with the press, poor thing. On the way back he will have to recite his lessons, the Serb sentences they learn in the action force.

"Ekshen forts," the company is called by the boys themselves, and also by the border guards who don't belong to them. "Ekshen forts," with "ts" at the end.

Outside, on the grounds, first we see the tank destroyer unit, with SZPG's [expansion not given] pulled on wheels, and tank destroyer guns. When I was a soldier, at the end of the 1970's, I handled weapons like these. My former chief, who started out as a member of the procommunist forces in quilted jackets in 1956, and whom we called among ourselves as the "commander of sixth grade" [pun referring to the commanders' poor education], characterized the SZPG in the following way: "Comrades, this weapon is good because it has great maneuverability" [pun showing the commander's poor knowledge of foreign words].

I am looking for the new Russian PSZH's [armor-plated military transport vehicles]. It was announced nationwide that the action forces will be equipped with these state-of-the-art armored carriers. What do I see instead? The old, familiar, battered PSZH's. I don't want to provoke the officers with the snappy question, "Were these left over from Hunyadi's [15th-century Hungarian commander] armored troops?"

The officers, the professional soldiers have no influence over their equipment. They do their job, and they do it well. They created a professional company, because these conscripts really work in such a way that one cannot find fault with it. They are excellent marksmen, and they are familiar with several weapons. I saw it myself; they are fast and precise. They are ready to fight in no time, and change the direction of fire in an instant. One doesn't have to add a shovelful to create in them the consciousness of an elite. I believe the company commander, called "captain" by his officers, that these kids would eat a smaller armed group "for breakfast."

Apropos, food. The rations of the action forces were recently increased, because after 10-12 hours of hard

work, they regularly remained hungry. The normal ration was not enough. Incidentally, training continues on the weekends, as well. On the other hand, they get one week leave every month.

The "ekshen forts" is impudent, arrogant, and tough, and as a result there were minor skirmishes in the barracks, where they are not the only residents. I am talking with Laszlo Stammier, Tamas Horvath, and Aron Barothy from the action force. (The latter is the offspring of a Transylvanian aristocratic family, and he is glad to be able to talk about the family while wearing a Hungarian uniform.) The boys say that if they are much better than the average, the special forces would need their own uniform, so they could be proud of it. It has been promised to them, but....

"There are people in town who tell us to buzz off," say the officers, Lieutenant Gyula Csak and Captain Gyorgy Toth, "but the situation is completely different in the border zone. There, the affection of the population is almost bothersome. Namely, several people in those villages still pack their things before they go to sleep. They are afraid that they have to flee any minute. But this is what we are for, that they wouldn't have to worry."

Captain Gal only adds: "I told the mustering general, too, that as far as we are concerned, he, too, can sleep well."

* Environmentalist's New Plan To 'Save' Danube

93CH0452A Bratislava SZABAD UJSAG in Hungarian
26 Feb 93 p 6

[Article by Professor Bela Liptak: "'Save the Blue Danube'; The Path to Reconciliation Regarding Bos']

[Text] This coming spring could become the harbinger of death! When all the moisture begins to circulate, the Small Plains region is going to start its agony. While in the past the Danube supplied the ground water to the region, hardly any water flows into the ground from the insulated service channel by now. Thus, ground water levels have dropped by several meters, so that roots no longer reach down deep enough. We developed a plan to avoid this tragedy and to reconcile our affairs with Slovakia.

Before detailing the plan I note that environmentalists in the United States have petitioned Vice President Albert Gore, the president of the Senate, to enable me to present the plan at a Senate hearing. I would also like to present our concept at The Hague, in Brussels, and in Pozsony [Bratislava] to the appropriate persons.

If you, dear reader, approve of our plan, I ask you to write to the following addresses expressing your support:

The Honorable Al Gore, Vice President of the United States, Old Executive Office Building, Washington, D.C. 20501, USA

The Honorable Jacques Delors, President, 200 Rue de la Loi, B-1049 Brussels, Belgium

It makes no difference in what language or from which country you write; the main thing is that the postal cards and letters mailed to the above addresses include the following sentence: "Save the blue Danube."

If you, too, expend the time and the money needed to buy a postage stamp, the hundreds and thousands of letters, including yours, will call worldwide attention to the danger that threatens the Danube, and will save the Small Plains.

The Plan

In developing the plan I utilized ideas provided by institutions like the Hungarian Academy of Science, the European Parliament, and several environmental groups, and of the following outstanding professionals: Slovak Academician Juraj Holcik, Hungarian hydrological engineer Istvan Molnar, Hungarian Academician Janos Toth, and former Czechoslovak Minister of the Environment Jozef Vavrousek.

Three Great Merits of This Plan:

- (1) It can be implemented in the course of a few weeks.
- (2) It satisfies Slovakia's navigation and electrical power generation needs, and
- (3) It provides pure, potable water in the region, and eliminates damages caused to the natural environment.

The first step involves cutting through the dam section at Dunacsun (Cunovo), thus returning the Danube to its original basin. Since the dam section would be cut through north of the Duracsun facilities and thus north of the concrete structures, this operation would not involve blasting, but only the simple moving of soil. After returning the Danube to its original basin, it would become unnecessary to extend the service channel dams as indicated under the C-variant. The material slated for use in these dams would be used for the narrowing of dams at the Danube section between Dunacsun and Dunakiliti, so as to avoid the creation of a pollutant lake upstream from Dunakiliti. As a result of this change, Slovakia could build a harbor downstream from Pozsony if so desired, while Hungary would be protected from the consequences of damming polluted water.

The Dunakiliti engineering structure would operate according to the original plans, but without a reservoir, of course. When water levels are low (1,200 cubic meters per second flow) the service channel would function as a still water navigation channel, and 95 percent of the water would remain in the original basin, satisfying the needs of the live natural world, and of agriculture. When water levels are high, water flow over and above the 1,200 cubic meters per second volume would be routed through the service channel, and would be used to generate electricity. This solution would not only protect potable water resources, agriculture, and the natural

resources of the region, and would not only satisfy Slovakia's electric power generation and navigation needs, but would also provide job opportunities, and thus also an economic uplift in the region. First, let us take a look at the navigation and electric power-generation issue.

We agree with views opposed to river diversion practices aiming for the satisfaction of navigation needs, and we, too, encourage the use of vessels which conform with the natural features of rivers. Nevertheless, in this instance we approve of a solution which satisfies the navigation needs of the rest of the countries along the Danube, while protecting the natural environment. The above-described plan would accomplish this, because it would ensure undisturbed, year-round navigation.

The plan is also fair from the standpoint of electrical energy production. Since the Bos [Gabcikovo] power plant would not produce electricity when water levels are low, and since power generation is important from the standpoint of Slovakia, Hungary could make a gesture and yield to Slovakia 100 percent of the energy produced when water levels are high. Thus, Slovakia could obtain more or less the same volume of electricity as the share of electrical energy it would have received under the original plan. But in order to leave some electrical energy for Hungary—so that Hungary has enough electricity to repay the indebtedness to Austria it incurred as a result of Nagymaros—we recommend the installation of turbines at Dunakiliti.

In addition to reconciling the interests of the two nations that lived alongside each other in the spirit of mutuality for a thousand years, another important feature of the

plan is the establishment of a nature conservation park in the region. This park would consist of territories belonging to Hungary, Austria, and Slovakia, and would not only preserve the present conditions, but would also restore the magnificent natural richness that characterized this region—the Pannon Sea delta—at the turn of the century. Since this flood zone has remained the same since the last ice age, it is a treasure that belongs to humanity as a whole, like the jungles of Brazil. Therefore, if allowed to testify before the Senate, I will recommend that the World Bank provide for the costs of restoration by forgiving outstanding loans. The request is likely to be granted if an agreement is reached, and if the three states jointly request funding for the restoration of the nature conservation park. Once this is accomplished, not only the egret and the spoonbill, the ermine and the hemerocallis will return to the forest groves of the Small Plains, but workplaces will also be created, because the restoration involves the moving of huge volumes of soil.

* * *

Dear Reader! The first step in realizing this plan requires you to write to the above addresses. This is our Danube, protecting it is our job. We still have a chance, even though not much time is left. We also have a chance not only because the treasure of the 21st century is not going be oil, but water, and not only because the new vice president of the United States is a dedicated environmentalist, but also, and mostly, because one loses only things which he surrenders, and we do not, and cannot, surrender the Danube!

Professor Bela Liptak

* Opinion Poll on Government's Chances of Survival

93EP0201A Warsaw RZECZPOSPOLITA in Polish
2 Mar 93 p 3

[Article by Ewa K. Czaczkowska: "Social Studies Workshop for RZECZPOSPOLITA: A 50-Percent Chance for the Hanna Suchocka Government"]

[Text] Views on the future of the Hanna Suchocka government have not changed since January. In February, one adult Pole in two was convinced that the Cabinet of Prime Minister Suchocka would survive the next 12 months; almost one in three was of a different opinion, and one in five did not have an opinion.

The Social Studies Workshop from Sopot was commissioned by RZECZPOSPOLITA to take the poll.

The survey was taken in the middle of February, the day after the Sejm approved the government version of the budget law. Research suggests that this victory of the government coalition did not result in a greater conviction that the government would last. It might have—which is likely—offset doubts that were caused by the controversy surrounding the draft before the vote. Conflicts within the coalition—the loss of confidence in Minister of Justice Zbigniew Dyka (ZChN [Christian-National Union]) by Prime Minister Suchocka and his suspension—did not affect the views concerning the chances of the government, either. The survey was taken before the latest events that may influence the durability of the coalition and its image—namely, substantive amendments proposed by the ZChN, a coalition member, to the government draft law on decrees; the postponement of the discussion on this topic in the parliament; and presentations by ZChN and PL [Peasant Accord] deputies against the formation of Euroregions. A month from now it will be possible to evaluate how these events will influence views on the chances of the government.

In the opinion of the respondents of the Social Studies Workshop, the chances of the government of Prime Minister Suchocka to survive the next 12 months increased considerably in the beginning of the year. In December of last year, only 46 percent of those polled expected the government to survive one year. The Suchocka Cabinet got the highest ratings in October, when as many as 59 percent of those polled saw an opportunity for it to survive a year. For the first three months of the existence of the government, between July and September, the Social Studies Workshop, commissioned by RZECZPOSPOLITA, asked the respondents whether the government of Hanna Suchocka would survive until the end of 1992. In July, 59 percent in the survey were convinced of that, in August 54 percent, and in September as many as 71 percent.

Fewer in the ZChN Are Convinced

In the February survey, men more frequently than women were doubtful about the survival of the Hanna Suchocka government over the next 12 months. In turn, young people under age 24, those with higher educations and a higher per capita income, professionals, school and college students, those employed on farms and in the sphere financed from the budget, and residents of rural areas gave the government a greater chance.

The greatest number of individuals convinced that the government would last were found among the sympathizers of coalition parties: the PL, the SLCh [Christian Peasant Party], the UD [Democratic Union], and the KLD [Liberal-Democratic Congress]. Compared to January, the number of ZChN sympathizers who were convinced that the government would last fell considerably: from 82 percent to 62 percent, just like that of the sympathizers of the NSZZ Solidarity—a drop of 20 percent, too. The supporters of the Self-Defense Farmers Union, Solidarity 80, Party X, the KPN [Confederation for an Independent Poland], and the German minority are mainly the ones viewing the chances of the government with skepticism.

The survey was taken on 13 and 14 February, on a sample of 1,070 persons representative of the adult population of the country.

Will the Hanna Suchocka government survive the next 12 months?

	December 1992	January 1993	February 1993
(in percent)			
Will survive	46	52	52
Will not survive	34	27	28
Hard to say	20	21	20

* 1993 Budget Proposals Critically Analyzed

93EP0198A Warsaw POLITYKA in Polish No 8,
20 Feb 93 pp 1, 11

[Article by Jacek Mojkowski in the column "Budget '93": "Barefoot but Getting Ahead"]

[Text] The budget episode developed like a thriller: first, a buildup of fear and then a joyful climax. They succeeded in pushing the law through the Sejm. The government may heave a sigh of relief but not for long.

No one is happy with the government budget, but, despite everything, it is the best of the bad versions. However, in view of this, shots may be taken at the budget from all quarters, whereas its defense is poor.

According to the opposition, this is an unrealistic budget based on demagogery, dogmas, and dictates. It brings about degradation, impoverishment, injustice, economic stagnation, and the perpetuation of a social structure characteristic of Latin America 20 years ago.

It is an expression of economic Darwinism and the result of fraud by certain political groups that are bringing about stagnation in the country. Waldemar Pawlak argued: "With this budget, we will enter Europe on foot—and barefoot, to boot."

The barefoot motif also surfaced in a speech by Bronislaw Geremek, when the latter defended the magnitude of the deficit proposed by the government:

"Sometimes an old shoe may be stretched, but we should remember that, at a certain point, a bare foot will come out of this shoe...."

Coalition members emphasized that the budget is a compromise, that it is difficult, but realistic. It is characteristic of a weak state during a period of transition. In the opinion of the government, the accomplishments of the past three years will be wasted if other assumptions are accepted.

The crisis of the budget is the result of the collapse of its revenues, primarily taxes. The low profit margins of state enterprises (at one time, a pillar of the budget) has caused them to become "shrinking sources" by now. In turn, the private sector effectively evades taxation by taking advantage of relief, skillfully manipulating costs, concealing remunerations, or fleeing into the so-called twilight zone altogether. The fiscal structure has difficulty handling the private sector.

Taxes on the population likewise do not yield too much because by now close to one-half of households are in the low-income bracket. Under the circumstances, budgetary proceeds actually hinge on so-called indirect taxes (the turnover tax and, from July on, the value-added tax), which are included in the prices of goods. They cannot be increased with impunity as long as one does not intend to fuel inflation. This is easy to overdo; it should be clear that the turnover tax may encourage the development of smuggling, moonshine production, and corruption....

Therefore, revenues are uncertain, whereas one thing may be said about expenditures with certainty: They are going up, especially those for social benefits, because the numbers of retirees, annuitants, and unemployed have increased.

What did the government do in this situation? It rushed to do what is the easiest and what produces the quickest results: It resolved to cut back on expenditures and tighten the tax screw, especially with regard to natural persons. Therefore, it antagonized everyone, walking on very thin ice in the process. Taking money away became the method of reducing the budget deficit—taking it away from some through the income tax (which discourages one from working), and from others by restricting the growth of benefits or wages in the so-called sphere financed from the budget (which gives rise to frustrations and diminishes one's sense of security).

In the opinion of the government, if breaking the budget were to be prevented, it needed to be spared the effect of powerful "automatic indexation arrangements." This has to do with the fact that the system of cost-of-living adjustments of retirement benefits, annuities, and wages in the sphere financed from the budget depends on the average wage in industry. This year, it will increase for the simple reason that productivity is likely to grow and that the edge of the tax on above-the-plan growth of remunerations will also be blunted if the enterprise pact takes effect. This would entail snowballing, automatically indexed increments in the nonproduction sphere. This is why the government insists on restricting cost-of-living adjustments and raising wages in the "budget sphere" twice a year by a fixed quota.

The reasoning of the government could be reduced to a simple formula: If you want to reduce taxes, you have to reduce social benefits further, or if you want to keep social benefits, you have to increase taxes.

Such was the point of departure for the debate.

The Dilemma of a Hole

The opposition argues that keeping the deficit at the level of 81 trillion (or 5 percent of the gross domestic product [GDP]) is dictated by Western bankers and bureaucrats from the International Monetary Fund, with regard to which "the parliament of a nation of 40 million in the center of Europe should be sovereign."

Minister Osiatynski retorts: "If the size of the 1993 deficit reflects any dictate whatsoever, it is only the dictate of our harsh economic reality."

While not prejudging what came first—the government draft or the IMF—let us ponder whether a different budget is possible. Let us assume that there is no IMF at all, and let all Western bankers go to hell....

The opposition suggests that if a "certain loosening of the deficit" were to be performed, or if it were to be "increased flexibly," the economy would come to life. Let us ignore in this instance the primitive injection of money fresh from the mint, although a couple of people could be found among the deputies who believe that the country would not lose by virtue of that; in fact, quite the opposite would happen. However, specialists believe that inflationary financing of growth may produce favorable results only in economies in which the movement of prices in one year comes to between 2 and 3 percent and not 40 percent, as is the case in our country.

One could learn the following during collective tutorials in economics held in the Sejm during the debate:

If we want to increase budgetary expenditures and, therefore, the deficit in a civilized manner, we should first ensure funds to finance this deficit, or obtain credit. The more the government craves credit, the more the price for it or the interest rate charged by banks will grow. This results from the interplay of supply and

demand. Thus, we produce the result opposite of that intended: Instead of providing cheap credit to enterprises, the state pushes them out of the line, rakes up the bulk of bank funds, and what funds remain become even more expensive. Instead of bringing the economy to life, we would be putting it to death.

On the other hand, it is worthwhile to remember that funds paid from the budget are mainly used for consumption (retirement benefits, annuities, unemployment benefits, wages in the sphere financed from the budget), which brings about the growth of prices. In this case, banks must offer interest rates that are above inflation in order to compel people to save. This, in a direct line, brings about a higher rate of interest on credit, which, as time goes by, becomes affordable to just a few. The consequence is the same as above: stagnation.

The issue of servicing the state debt is yet another unfavorable "ricochet effect." In plain language, the government contracts debt to finance the budget deficit—a debt that at some point it will ultimately have to pay. Therefore, if the government spends more, it puts the noose around its own neck because it brings about the growth of interest rates charged by banks, which, in turn, charge the government even more for old debts. If the government fails to pay these debts on time, they give rise to new debts (see chart [not reproduced here]). We already went through this—in the 1970's—when we received credit from the West, the consequences of which even our children will face.

The example of last year convinced us that increasing the budget deficit is not all that easy. In the fall, the government fought a battle with the parliament over revising the budget or getting consent to increase expenditures by approximately 15 trillion zlotys [Z]. When the government got it and things fell into place, it turned out that there was nowhere to get the Z15 trillion. Bonds were issued but neither the people nor the banks purchased them.

It should be added at this point that this happened in what was, despite everything, a quite comfortable situation for the budget. It so happened that banks had a little spare credit because, on one hand, enterprises do not seek it because of high interest rates, whereas, on the other, bankers themselves were reluctant to extend credit to companies, fearing that they would be insolvent. Therefore, the banks could invest their capital in Treasury bills at a decent rate of interest. However, in December they did not do so.

The Sin of Being Optimistic

In essence, the entire reasoning of the government boils down to the fact that, if our national income, the gross national product [GNP], were greater, the magnitude of the deficit could exceed the sacrosanct 5 percent, as well. However, the country's income remains minuscule, although, according to statistics, it may have even

increased somewhat. In the opinion of Minister Osiatynski, under our conditions, it is not the IMF that determines the limits of the deficit but, rather, our domestic potential; the latter allows for a deficit of Z81 trillion.

For the sake of fairness, we should agree with the view of the opposition that the government budget is burdened by great uncertainty.

Its parameters are based on the assumption that the economy will grow by 2 percent in 1993. Meanwhile, so far, economists have not been certain whether last year's recovery in production and an increment of 0.5 to 2 percent in the GDP represent a continuous trend or are merely a temporary fluctuation. In general, is it possible to project growth without an increase in credit and investment in real terms? That is precisely how it looks this year.

When the government assumes a 32-percent rate of inflation in 1993, it commits the sin of being optimistic. Marek Dabrowski, the former deputy minister of finance, believes that we should reckon with the growth of prices by 40 percent. This causes further complications because reducing interest rates will not be as easy as Jan Rokita predicted on Saturday.

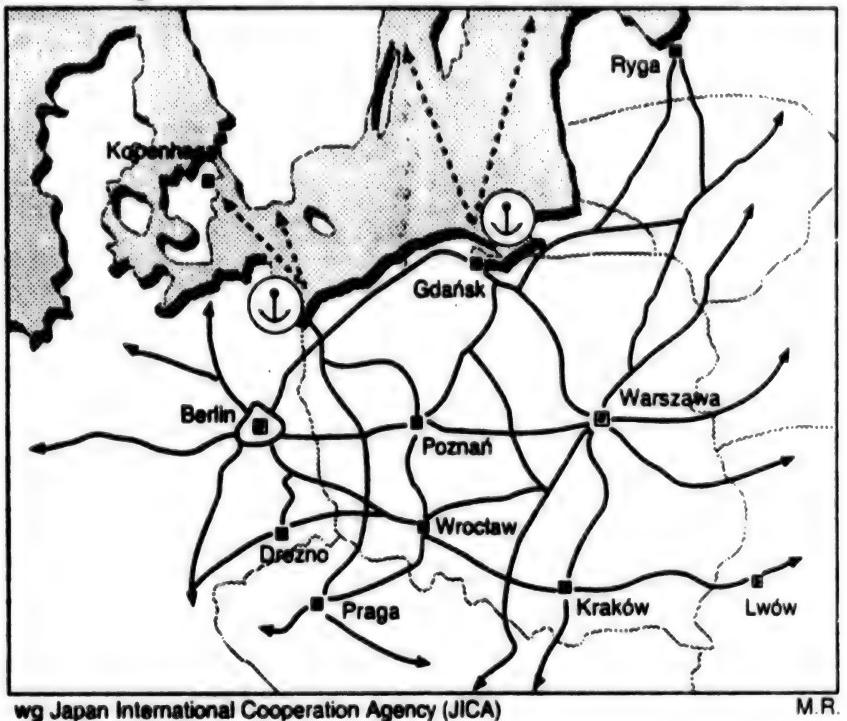
It may also turn out that the assumed devaluation of the zloty will not be sufficient to promote exports. It is just that, from the point of view of producers, it will be more profitable to sell goods in the domestic market, in which, owing to inflation, they will fetch better prices than as exports. This would be fatal for our economy, which, during this year, should accumulate the greatest possible hard currency reserves for the repayment of the debt, which begins next year.

In essence, the magnitude of the deficit depends on how realistic the revenues of the budget are. Meanwhile, the effectiveness of the fiscal structure in collecting taxes or customs duties is the great unknown. The tightness of the system leaves a lot to be desired: It lacks personnel, computers, and so on. In turn, the introduction of new guidelines for levying the personal income tax and the value-added tax in the same year does not promise anything good.

This year is the latest possible time to interrupt the deficit cycle and change the guidelines for financing social security, health care, education, and transportation. It is known that they should be taken off the budget; however, substitute institutions do not yet exist. It is hardly likely that, in another year, the Ministry of Finance will be able to again use the same technique of increasing taxes and slashing expenditures. The victory in the Sejm has opened for the government the path to still rougher terrain.

POLAND

A Transportation Program for Poland With Allowance for Adjacent Countries (February 1993)



wg Japan International Cooperation Agency (JICA)

M.R.

According to Japan International Cooperation Agency (JICA)

	1990	1991	1992	1993 ¹
Domestic public debt, in trillion zlotys	65.6	129.7	239.0	345.0
Outlays on servicing the domestic debt ² as a proportion of total state expenditures, in percent		1.1	6.0	8.0

¹Projected²We do not give the size of the foreign debt because the Ministry of Finance is in the process of recalculating exchange rate differentials. For now, we will restrict ourselves to saying that the combined state debt (domestic and foreign) comes to approximately 85 percent of the GNP and amounts to about 1 quadrillion zlotys (that is, Z1,000,000,000,000,000).Data from the Ministry of Finance
Art by A & A

[Box, p 11]

What the Government Assumes

- Growth of the GDP by 2 percent.
- A budget deficit of Z81 trillion (5 percent of the GDP)
- A rate of inflation of 32 percent.
- A gradual devaluation of the zloty by 25 percent.
- A cautious reduction in interest rates.
- Growth of unemployment by 3 million.
- A reduction of 5 percent of the employees in the sphere financed from the budget.
- An improvement in the credibility of Poland in international currency markets.

* Japanese Experts Develop Transportation Plan

93EP0189B Warsaw RZECZPOSPOLITA (ECONOMY AND MARKET supplement) in Polish 10 Feb 93 p I

[Article by Wieslawa Mazur: "A National Transportation Plan for Poland: Made by the Japanese"]

[Text] At a seminar on 8 February Japanese experts presented for the first time a proposal for a national transportation plan for our country. They had been working on it for two years, for which we paid nothing, since they received a \$3 million grant from the Japanese Government. A detailed study of the status of Polish

transportation enabled the Japanese visitors to infer interesting conclusions. They were drafted by a 17-member assessment team from Pacific Consultants International, Japan Railway Technical Service, and Overseas Coastal Area Development Institute of Japan, under the direction of the advisory committee of Japan International Cooperation Agency [JICA], with the participation of Polish specialists.

In the opinion of the team director Minoru Shibuya the Polish economy will enter upon the road of steady growth after the year 2000. The transformation period is to last until 1995. The structural economic reform will result in the transition from heavy-industry manufacturing to the production of consumer goods and services in a market economy. That period should be utilized by the transportation sector to:

- Switch to a promarket orientation in order to achieve higher productivity, which entails the sector's privatization and liberalization.
- Unify services (adapt them to European standards).
- Take steps to protect the environment damaged by transportation.

The role of the MTiGM [Ministry of Transportation and Maritime Economy] should be greater. The principal objectives to be accomplished by the MTiGM are: working out an institutional framework adapted to the market economy; adapting the transportation market to honest and efficient competition; developing a plan for adapting Polish transportation systems to their counterparts in the European Community within 10 years. Further: Support (subsidize?) the maintenance and modernization of the transportation infrastructure. The ministry should be reorganized according to a fairly detailed proposal of the Japanese.

The Japanese also pointed out that an efficient servicing of international transport is important to economic

growth. They specified measures that should be taken stage by stage in order to streamline that servicing. We should: Modernize border crossings, initiate the construction of superhighways, selectively modernize seaports (especially container handling and ferry services), and introduce joint domestic-international services in air transportation (which will require decentralization of airport management in this country, as well as promote traffic safety to a degree not smaller than within the EC).

The Japanese presented their plan for reforming the PKP [Polish State Railroads] on pointing to the need to endow that enterprise with greater operating autonomy and to expand its nontransportation operations. They observed that the maintenance of existing railroad lines is poor and their quality lags behind that adopted in the developed countries. They favor the construction of toll-charging highways with the participation of private capital. In their opinion, the volume of freight handled by Polish seaports will continue to decline owing to the recession and the competition, especially that of Hamburg and Rotterdam. The harbor facilities should be expanded and the harbors themselves developed as distribution centers upon introducing modern transloading equipment and modernizing harbor administration and management systems.

As regards inland navigation, the sole projects deserving consideration would be the maintenance of navigable waterways between the ports of Szczecin and Berlin as well as between the Odra and the Rhine-Main-Danube system. Timetables for accomplishing specific objectives have been drafted for the 1993-96 (short-term) and 1997-2000 (long-term) periods.

The study, which was performed unusually solidly and stressed the need for marketization, exposure to competition, and liberalization, repeatedly refers to the need for the government to pursue a transportation policy. The Japanese pointed to the domains of transportation in which state interventionism should, as in their own country, manifest itself in a decisive manner.

*** Moderate-Radical Split in RMDSZ Refuted**

93CH0723A Bucharest ROMANIAI MAGYAR SZO in Hungarian 17 Feb 93 pp 1, 4

[Article by N. Sandor Szilagyi: "After the Congress"]

[Text] In browsing through Romanian press articles on the RMDSZ [Hungarian Democratic Union of Romania] congress and listening to Ion Cristolu's TV commentary, I imagine that when the history of the early 1990's is written, using these as sources, the historian will be completely unaware of being a victim of a great misunderstanding. For the Romanian press is of the unanimous opinion that Brasso's [Brasov] moderates have finally won a decisive victory over the radicals—although only after a kind of desperate struggle.

Having been present, that statement is a surprise to me. I believe I am aware enough of the methods of political struggle to have noticed a great and bloody battle around me. I think that those who were there will agree with me that one of the great accomplishments of the congress was precisely that it solved, through wise moderation, the not-too-easy task of coordinating opinions and views which are different by nature, but are essentially in agreement with one another when it comes to the common goal. So, where do the Romanian commentators get this absurdity from? I can understand those who were not even there, but from a distance know everything better. But there were many of them who sent in their reports from on site!

I believe that there are several explanations for that. One of them concerns a simple common human weakness: it is a striking example of everyone seeing his own preconceived notion in an event. Romanian journalists came there with the expectation of a great battle between the moderates and the radicals—obviously influenced by the sinister signs that preceded the congress—so that is what they were watching for, and it seems that they ignored everything but those things that could somehow (also) be interpreted that way on the basis of their meager prior information. (That is to say, in plain language, their reporting was as superficial as their reporting on any other similar party congress.) Because they completely accept the simplistic stereotype view that everyone in the RMDSZ is either a moderate or a radical and that one is the mortal enemy of the other, they simply failed to notice that the so-called "moderate-radical conflict" was not at stake in Brasso. One could say that the issue was not even brought up. We were busy with other things. I think that it is a natural occurrence at such a congress that small groups can be seen here and there stepping aside and trying to reconcile their views. Possibly, those who did not understand what was going on viewed this as intense lobbying or even conspiracy, and immediately placed it in the existing and comfortable mold. It is also true that certain—more personal than political—conflicts did surface here and there, but those small incidents did not interfere with the congress's normal proceedings.

But there may also be a political explanation for that misinformation. We all remember when, during the period that preceded the congress, certain Romanian parties and their newspapers sounded an alarm because of the danger that the RMDSZ would threaten the peace and tranquility of the Romanian people. Unfortunately, they succeeded in confusing uninformed Romanians, many of whom looked anxiously toward Brasso in mid-January, some considering the possibility of having to flee or of finding some effective "political means."

And then came Brasso—and nothing happened. No one wanted to annex Transylvania to Hungary, we did not proclaim Small Hungary in the center of Romania, no one reprimanded Romanians, not even Vatra or the RNEP [Romanian National Unity Party]; in other words, nothing was said that could have been jubilantly quoted. How could that be reported to the Romanian reader? Should we say to them that we made a mistake in sounding that great alarm? But, then, what will they think of us from now on? That is how this excellent explanation was born: Watch out, people, the danger is real, those hard-headed radicals still have great influence in the RMDSZ; see, the much more reasonable UDMRists, who are somewhat—if not much—better than the devil, were barely able to defeat them. We can relax now that we have temporarily averted the expected great danger. But we almost failed, so stay alert.

And the poor Hungarian who was not present in Brasso does not understand that ploy. He scratches his head with mistrust in seeing the great satisfaction of the Romanian press, and ponders what on earth those people in Brasso are doing that makes the Romanian press, which is generally not too kind to us, so happy. Is it good for us? Did the RMDSZ make unacceptable concessions? Is it a step backward? Did we give up our earlier goals?

I would like to assure those who are anxious that it is not a step backward. Indeed, I feel that we have taken a giant step forward. For unity was finally born in Brasso. Not in words—the word 'unity' itself was only uttered three or four times during the entire congress. (The words 'moderate' or 'radical' were not even heard that often. I was watching for them.) Unity was born, not in words, but in attitude. It was good to see the sincere goodwill of deciding on debated issues, not on the basis of who could win against whom, but on the basis of jointly trying to find solutions that are acceptable to all of us even though they may not satisfy everyone. The congress was characterized by a conscious effort to arrive at cooperation and problem solving, at least that is what I felt. (And I hope that this was so, not only because of what I said earlier—that one is inclined to see in an event what one would like to see.) That was one reason why the congress ended in a good mood and optimistic atmosphere, which may be a determining factor in the RMDSZ's work in the future.

We made many decisions at the congress, some of which were no doubt very good and some were bad. Every

decision is made by people, and people can be wrong even when many sit together. The value of each decision will become clear later. However, it was a great thing—and I believe that other participants in the congress also left with the same feeling—that even if we disagreed with many proposals that were presented, we generally did not have any doubts about one thing; that the person presenting his proposal did so according to his own best judgment, with goodwill, and to improve things. And we did not have any doubts that those who were present—regardless of what their own ideas may have been—came because it mattered to them what will happen to us, Hungarians. And if we can maintain our trust in each other, then it is not a great tragedy if one or another of our decisions was not the best one, for trust can make the RMDSZ able to correct mistakes along the way.

I do not want anyone to read into all this that our congress was perfect and that the Britons can now come to us to learn of how to hold a congress. There was also much stumbling there, but that is how one learns. I also want to avoid suggesting that everyone left the congress contented and satisfied about everything. I for one am still sorry that when the congress elected the 21 persons to be sent to the Council of Representatives, Adam Katona received three votes less than was needed to be part of the 21. I do not even have to say that no one's opinion is more different from mine than of Adam Katona about many, many things. But that is precisely why I thought it would be very important that he be there and be able to express his opinion about anything, whenever necessary. For subtle, well-considered, and good decisions can be made only after examining the issues from all possible angles. I hope that the new officers of the RMDSZ will find a way to include Adam Katona's opinion—if not his person—in the decision-making.

And I also hope that if we succeeded in Brasso in creating the conditions for the RMDSZ not to assign such a high priority to its own internal problems, then it will also have time to deal much more efficiently than before with the legion of problems around us. And, to that end, people should stand behind it and support it, everyone according to his ability. I believe that it will also be easier when people see that the RMDSZ indeed deals with their problems instead of merely providing a framework for the quarrels between various interest groups.

Role, Powers of County Prefects Examined

93BA0725B Bucharest ADEVARUL in Romanian
3 Mar 93 p 3

[Interview with Octav Cosmanca, state secretary in the Department of Local Public Administration, by Adriana Vela; place and date not given: "The Prefect Will Become the Local Prime Minister"]

[Text] [Vela] The problem of the existence of a coherent and viable system in local public administration constitutes the first indispensable point in applying any type of

government program. How would you evaluate the operation of the current system of public administration?

[Cosmanca] Partially inefficient. Local public administration is designed to implement the provisions of the government program. The application of and respect for the Constitution and the laws of the country are self-assumed obligations of our government. For this to happen, the proper operation of each individual link is indispensable. For that reason, we are pursuing the improvement of the activities of the ministries, as first links in the involvement of certain specialized organizations that will establish clear, operational, and coherent standards. Then, we want to have improvements in the activities of the prefectures, which we consider and desire to be organs of the government at the local level. The prefect of a county must become a local prime minister who will effectively pursue the attainment of the government programs approved by the Parliament. Unfortunately, to date, the prefectures have struggled at the mercy of fate. The services of the decentralized local public administration have been a kind of state within a state, on the basis of a questionable interpretation of Law No. 96 (regarding local public administration). In a practical sense, we want to set up a unified team in which the ministers and the prefects will together carry out the task of governing. The role of the prefects is especially important. They are the representatives of the government throughout the country, and we count upon them to supervise the adherence to the government program. We must clearly know with whom we are working in agriculture, in education, in health, and so forth, right down to the basic unit, the village.

[Vela] In order for this to happen, it is necessary to have not only these structures, but, especially, their proper operation.

[Cosmanca] Creating this organization falls squarely within responsibility of the prefect, who must form a type of local government. We were accused of politicizing the local administration, naming only FDSN [Democratic National Salvation Front] prefects. And, of the 34 prefects named to date, 10 are independents. It would not, however, been unnatural for us to do so since the formation of the government is normally done to supervise the fulfillment of its own program. The option to select the prefects named to date was taken after a thorough analysis (we were also accused of delays) of the proposals received by the County Councils for the coordination of existing political bodies throughout the country. Furthermore, we selected the very best. People of irreproachable professionalism, with experience in leadership work and who were clearly dedicated to our government program. We did not, however, place conditions on their selection, as had been done by the FSN [National Salvation Front] in the previous government, requiring them to sign an Honorable Resignation, in the event that they "deviated" from the party's political line. I feel that respect for the government program is purely and simply a matter of political decency.

[Vela] This presupposes knowledge of this program and, if necessary, resignation from the position should some incompatibility with this spring up.

[Cosmanca] A member of an administrative political structure who is in disagreement with the political line promoted by the government is morally obligated to resign. And, we have discovered directors of county public services and even inspectors who have no idea about the government program in which they are a link or who are promoting some other program. Such things are not tolerated anywhere in the world.

[Vela] The existence of a statute for public officials is becoming more and more necessary.

[Cosmanca] Absolutely, it must be defined and codified as quickly as possible. The same goes for the law on personnel in the state administration. It is not right, for example, for a professor selected to serve as mayor of a town to lose—as has happened—5,000 to 10,000 lei in salary. Because of this, we have had numerous resignations. A person in front of the public, with numerous obligations and responsibilities, must be supported. His professionalism is the response we are looking for in return. In Timis, for example, Mr. Pastiu, on the third day after being named, convened the entire staff of the

agriculture directors in order to analyze the manner of granting property ownership certificates. There were a great number of claims, but up until that time only 200 had been given out of the more than 100,000 planned. Things must be urgently put in order. The same thing has been happening all over the country, and, as a result, I have asked for the acceleration of the process of granting land to the peasantry.

[Vela] Were measures taken in order to avoid certain similar situations?

[Cosmanca] It was decided to set aside a certain amount of time during each weekly meeting of the government to discuss the problems out in the countryside. Through this, we wanted the government to be rapidly and directly informed concerning the existing problems and, where necessary, to be able to intervene on the spot. Similarly, each month our directorate will have a meeting with the prefects in order to receive a quick and real exchange of information and actions. Actually, we feel that the administrative structures must reestablish their role as guarantors for the proper functioning of social and economic affairs throughout the entire country, while formalism and apathy must be definitively eliminated.

Sanction Violations at Macedonian-Greek Border

93BA0805A Skopje NOVA MAKEDONIJA in
Macedonian 15 Mar 93 p 2

[Report by K. Janisliev: "New Serbian Convoy Shopping on the Macedonian-Greek Border"]

[Text] *While our citizens have virtually stopped going to Greece, our northern neighbors are organizing a new black-market march on Salonika.*

Gevgeliya, 12 March

For more than a year, shopping trips had become a truly rare occurrence on the Macedonian-Greek border; one no longer saw every weekend long columns of shoppers going to Salonika. However, this applied only to our own citizens. Of late, once again shopping tourists have appeared on the Macedonian-Greek border, but exclusively coming from Serbia, where every Thursday numerous private tourist agencies organize bus convoys to Salonika. Our northern neighbors do not miss the only opportunity to breach the blockage imposed by Greece and their final chance to make some money and survive.

On 8 March alone, seven crowded railroad cars crossed the Gevgelija-Idomeni border for a shopping trip to Salonika, carrying several hundred Slavic people from Serbia. The cars, especially those traveling between Belgrade and Salonika, offer the best opportunity for our northern neighbors to buy goods in Greece and then resell them at a profit. The most numerous traveling from Serbia on the Acropolis train were retired women. They all admitted that they were going to Salonika to buy coffee, detergents, medicines, or anything else that is in short supply in Serbia, "for their friends, neighbors, and relatives who pay for the trip."

Fewer passenger cars coming from Serbia are crossing the border at Bogorodica. This merely confirms the fact that the train is much cheaper and convenient for the new Serbian black-marketeers. Conversely, at the passenger border crossings with neighboring Serbia there is an increased number of Serbian trucks going to Greece from which they take back a great variety of goods. Despite the embargo, the trade in goods entering a country which was penalized by the international community is being constantly violated, even in the case of petroleum products. To this effect, the Serbian drivers not only change the registration of their vehicles but also the names of the owners. The Greek authorities are doing everything possible to violate the blockade of Serbia, ignoring the sanctions applied by the European Economic Community and the commitments assumed by Greece as one of its members.

Whereas a great variety of reasons are invented to prevent the Macedonian travelers from crossing the Greek border points, travelers from Serbia are welcome. There are no restrictions whatsoever in their case nor are there the extraordinary obstacles which the Greek border authorities steadily erect at their own northern border.

That is why passengers from Serbia say that such Greek openness, ignoring the blockade which is tightening up around their country, is profitable.

After the numerous merchants, who are most frequently part of large international black-market chains, increasingly ordinary Serbian citizens profit from such repeated shopping trips to Salonika. They go above all to buy needed spare parts for their cars or any other scarce goods which fetch fabulous prices in Serbia. The "Ignatna" merchants in Salonika welcome the infrequent customers with open arms to encourage the slow trade. Pensioner Jelica Stanisik explains the new black-market march on Salonika by her fellow citizens as follows:

"For 100 German marks I get 13,200 drachmas, with which I can purchase 20 kilograms of coffee, while for the same amount of money I could not buy even a single kilogram of coffee in Belgrade. I make the trip to purchase coffee for my neighbors, and this is the way some people supply merchandise for their stores. Most of the train passengers purchase clothing for their stores, spare parts for automotive services, and anything else that is in short supply in our country if it can be found at all. All that is needed is for someone to pay for the ticket and one can spend a day shopping in Salonika and come back that same evening. One must live and the Greek welcome us...."

Scandal Over Macedonian-Serbian Commodity Deals

93BA0806A Skopje NOVA MAKEDONIJA in
Macedonian 13 Mar 93 p 3

[Report by S. Novevski and E. Sterjevski: "The Other Side of the 'Vlajkovic Ministerial Affair'; Medicines Traded for Corn Via 'Profako'"]

[Text] *Based on a compensation deal, Skopje's Profako sent to Serbia medicines from Alkaloid and medical materials from Jugohrom in exchange, according to the contract, for about 10,000 metric tons of corn. As requested by the former Minister of the Economy Stojan Trajanovski from Profako, the owner of "Bujoto" loaned Savo Vlajkovic 30,000 German marks.*

The ministerial affair, which has been agitating Serbia for several days, is becoming more and more complex as we get into the details, with new actors appearing on stage. As we have found out, former Trade and Tourism Minister Savo Vlajkovic, from the Radoman Bozovic government, and Velimir Mihajlovic, the former Serbian minister of trade, are being investigated. The sin ascribed to former Minister Vlajkovic is one of illegal profits earned as a result of a compensation deal with a foreign country.

This would not have been all that interesting to the Macedonian public at large, had it not been a question of a deal involving the mixed Profako Company from Skopje, through which corn was shipped from Serbia to

Macedonia, in compensation for which medicines and medical goods were shipped north. According to the Belgrade press, Vlajkovic illegally earned 475 million dinars from this compensation deal worth some \$2 million. This sum, it is being said, was deposited in the account of the Jugodrvo DP [State Enterprise] in Belgrade, while Vlajkovic, again according to the charge of illegal profits, is also accused of having conducted "business" with Macedonia without the presence of two other members of the responsible ministry of the Serbian government.

What is of great interest to us is the information that yet another former minister of the former Macedonian government of experts is behind the Profako Company in Skopje: the former Minister of the Economy Stojan Trajanoski. Where opinions vary is about whether the controversial 475 million dinars (about 70,000 marks at the then rate of exchange in Serbia) were "paid" by Profako to Vlajkovic for the compensation deal, or was it a question of something else?

"Mutually Profitable Contract"

"The contract for the compensation deal was signed with Belgrade's Profako because the requester of the commodity was the Serbian Commodity Reserves Directorate, said Stojan Trajanoski. Since the Serbian Commodity Reserves Directorate is not authorized to make such agreements, it ordered the goods from Profako in Belgrade, while the Belgrade 'branch' supplied it to us. More specifically, Profako is a mixed French, Serbian, and Macedonian company. Skopje's Profako participates with 30 percent of its own capital, and the owner of the company is my son," Trajanoski explained.

"The contract was signed on 22 December 1992," added Goce Dimevski, head of the Profako commercial department, "based on the request of the Serbian government to purchase drugs and medical materials from Macedonia. The Serbian side mentioned also some industrial fertilizers and pesticides but this is an unrelated matter, for we have not signed any contract for such items. Since we had no funds to pay for the medicines, we resorted to compensation and, among the items that were demanded, we decided to purchase corn to pay for the medicines. The amount of this entire contract was \$882,333.33. According to our view, the contract was profitable to both sides: We supplied medicines from Alkaloid and medical material (catheters, stomach tubes...), produced by Jugohrom in Jegunovce."

According to the contract, 50 percent of the goods were to be delivered to be followed by the shipment of corn from Serbia totaling 3,300 tons as per the compensation deal. "On our side," says Dimevski, "we fulfilled 90 percent of the stipulations in the contract. We shipped the goods to Belgrade's Profako, which transferred them to the Directorate, which stored them in Velefarm and Srbolek. As to the commitment on the part of the Serbs, we obtained 85 percent of the stipulated amount of corn but we found out that the approval for the compensation

deal by Serbia had been annulled, for which reason a shipment of 700 tons of corn, which had already been paid for, was blocked. Why then are we saying that this was a profitable contract? Because we obtained a food product that is in short supply in Macedonia and because Serbia is short of medicines and medical goods."

Loan and Not Brokerage Fee

The compensation deal about which the management of Skopje's Profako is saying that it is a mutually profitable contract is the reason for the initiated investigation of former Minister Savo Vlajkovic. From what we gather from the Serbian press, this cannot be only a case of removing food from the commodity reserves, which include corn, but also the charge that Vlajkovic profited heavily from the deal.

"In this connection, I made an official statement to the attorney of the former Serbian government minister, Toma Fila. I told him that we are a mixed company. For such a deal we should have obtained an approval and since it was a question of food, such a transfer was not allowed. Vlajkovic asked for a loan of 30,000 marks for home improvements. We did not give him the money which came from Stojkovski, from 'Bujoto.'

"We own 30 percent of the company and we have no right to deal in such supplies by ourselves. We would have been truly naive to engage in such a deal."

Here is what Ljupco Stojkovski, owner of the "Bujoto" Company, says: "As urged by Trajanovski, I loaned this money to Savo Vlajkovic at an interest of 5 percent monthly, through Jugodrvo, in Belgrade. It was agreed that he would repay the loan in about two months. Incidentally, he is not the only person who owes me money, for it is normal in 'business' to make loans in cash, particularly in Serbia where the dinars are being devalued at a daily rate of 7 percent. Today it is not normal for me to lend you two dinars and for you to pay back two dinars. It is normal to charge interest," Stojkovski said.

Such is the explanation of the compensation deal provided by Skopje's Profako. It stresses also that as far as trade in medicines is concerned, the company had the agreement of the Ministry of Health and the permission to engage in this kind of "related trade" of the Macedonian Ministry of Foreign Affairs. The people here believe that they acted properly, and their only complaint is that they are "short" of 700 tons of wheat.

[Box, p 3]

Whose Is the Confiscated Sugar?

According to the Serbian press, several days ago the personnel of the Vranje MVR [Ministry of Internal Affairs] confiscated at the Cukarka border crossing, near Presevo, two barges loaded with sugar and 29,000 liters of cooking oil, shipped to the Profako Company in Skopje.

"We have nothing to do with this," says Stojan Trajenoski from Profako. "However, since the sugar crossed the border (about 100 tons) it was to be taken over by the Impeks Private Company. The contract for it was signed with the DS-Company in Belgrade (linked to Savo Vlajkovic, editor's note), while the sugar came from Senta in Vojvodina. As to the Impeks Company, which was to receive the sugar as the end user, all it asked was for our permission for such a deal. However, the prohibition affected the sugar as well."

[Box, p 3]

Corn Quickly Sold Out

It is being said by the Profako Company in Skopje that there were no problems whatsoever with marketing the high-quality corn from Vojvodina, for it was immediately bought out by the customers. The Profako people say nothing about the profit from this deal. They say that they included in the price a minimal discount the good being considered "hot" on the market.

The Belimbegovo Feed Factory near Skopje is one of the companies which bought Profako's corn. According to Sterjo Zikov, the factory manager, "the price of 180 denars per kilogram of corn, which was asked, was truly good, considering that on the domestic market this feed has been sold at as high as 235 denars per kilogram." Furthermore, Zikov added, "the quality was first rate and, if the factory had had more money it would have unquestionably bought another 5,000 tons."

Macedonian Movement Calls for Rights in Greece

93BA0627B Skopje NOVA MAKEDONIJA in
Macedonian 5 Feb 93 p 5

[Unattributed article: "First Congress of the Macedonian Movement for Prosperity in the Balkans"]

[Text] *The congress adopted a declaration that was sent to all the Greek news media; the declaration was only reported on the Antena television program; the movement is fighting for respect for basic freedoms and the human rights of Macedonians in Greece, according to the laws and constitution of the Greek state, but also the principles and charter of the CSCE [Conference on Security and Cooperation in Europe], the EC, and the UN.*

Bitola, 5 Feb—The committee of the Macedonian Movement for Prosperity in the Balkans reported today that on 31 January 1993, in Sobotsko, Greece, the first All-Macedonian Congress was held, with the participation of representatives of all the movement's local committees. At the congress, a committee was elected, consisting of 18 members from all the cities in what is called Belomorska Macedonia. The congress likewise adopted a declaration that was also sent to all the news media in the Republic of Greece. So far, however, the declaration had only been reported on the Antena television program.

As reasons for the formation of the Macedonian Movement for Prosperity in the Balkans, the declaration, which was also sent to NOVA MAKEDONIJA, cited, among other things, the discriminatory policy that the Greek state is conducting with respect to the Macedonian national minority in Greece and the various tortures being carried out against the Macedonian population's democratic aspirations in exercising its human rights and freedoms.

In this regard, the declaration stated, this movement "is fighting for respect for the basic freedoms, and for the human rights of the Macedonians here in accordance with the laws and constitution of the Greek state, and the principles and charter of the CSCE, the EC, and the UN." It likewise condemned and demanded the abandonment of the Greek state's unjust and discriminatory policy at the expense of the Macedonians in Greece, their equal participation in public life and in decision-making centers, closer cooperation between the Macedonians in Greece and their compatriots in the diaspora, respect for the principle of the inviolability of borders, and respect for the national, religious, linguistic, cultural, and social rights of the national minorities in Greece.

The Macedonian Movement for Prosperity in the Balkans is demanding that the Greek state "immediately grant the rights of free communication and repatriation to all political and nonpolitical refugees and undertake measures to ensure them," as well as "free information on clubs and societies for fostering genuine Macedonian culture, and programs for expansion and affirmation through the public news media."

According to the declaration, "any Greek citizen who accepts the principles and goals, after acceptance of his application by the movement's central committee," can become a member of the movement.

* Italian Consul General in Skopje Interviewed

93BA0705A Skopje PULS in Macedonian 18 Feb 93
pp 17-19

[Interview with Faustino Troni, Italian consul general in Skopje, by Emil Krsteski; place and date not given: "Politics Is a Strong Passion"]

[Excerpts] *By decree of the Italian Ministry of Foreign Affairs, Faustino Troni arrived in Skopje immediately after the new year, to serve as consul general of the Republic of Italy to the Republic of Macedonia. Troni was born in Sicily in 1939 and went to school in Padua, where he graduated in classical philology. He has been with the Ministry of Foreign Affairs since 1971 and has had an extensive diplomatic career. He has served in Italian embassies and consulates in West Germany, China, Poland, and Australia. His first posting was with the Department of Cooperation With Developing Countries, but soon afterwards he was appointed consul in Kolin and, subsequently, first secretary in charge of political affairs in the Italian Embassy in Beijing. After a short hiatus, Mr.*

Troni was transferred to Warsaw as counselor for economic affairs, and, subsequently, counselor for political and economic affairs in Canberra. He speaks French, English, German, and Polish, has a working knowledge of Chinese, and is currently perfecting his knowledge of Macedonian. For the time being, he lives with his wife and two of his five children in an apartment in Skopje's Grand Hotel. His interview with PULS is the first interview he has given in Macedonia and his first address to and contact with our public.

[Krsteski] Mr. Troni, you have been in the Republic of Macedonia for the past two months, yet this is your first interview and first contact with the broad public. What are your impressions of our country?

[Troni] You are right. This is my first interview in Macedonia. I arrived in Skopje on 5 January. So far I have not had a great deal of opportunity to travel in your country. In a restaurant in Debar, in the vicinity of the Drim River, I noted how beautiful nature was. That part near the river, along with the houses along the shore, reminded me of places in Holland. From Debar I went to Ohrid and, since night had already fallen, I was unable to admire the beauty of that area and of Ohrid Lake. However, a one-hour walk in the old city of Ohrid was sufficient to impress me as a beautiful city. Skopje, your main city, is a very dynamic place. I am impressed by the old housing, which reminds us of the period of Turkish domination. I have always wanted to visit countries with an old civilization, which are particularly interesting from a historical aspect. I am confident that Macedonia is such a country.

Europe has always been greatly interested in maintaining diplomatic relations with the Balkan countries, including Macedonia. I also remember that in the 19th century several consulates were located in Skopje and Bitola. I am sure that Skopje, once the Republic of Macedonia is more widely and internationally recognized, will become the city of embassies and consulates, for the Republic of Macedonia is a very interesting and important country within the framework of relations with its neighbors and, in general, with the Balkan countries.

I hope that Skopje will soon meet the necessary conditions and that ambassadors and consuls will be able to perform their functions. It pleases me to be in the Republic of Macedonia and I expect that my own private and official residence will be ready soon. Requests for a residence for the Italian Consulate have been made by the Service for General and Community Affairs and, subsequently, through the Macedonian Radio and Television and some other institutions. Naturally, however, it is not easy to resolve this problem and to find an adequate building for the Italian Consulate. I was told by the Ministry of Relations With Foreign Countries that the government has selected an area in the city where embassies will be built.

[Krsteski] Mr. Troni, you have extensive diplomatic practice. Tell me more about your career.

[Troni] Since 1971 I have been member of the diplomatic service of the Ministry of Foreign Affairs. My first practical experience abroad was in West Germany, where I was a member of the Italian Consulate in Koln. Subsequently, I worked as counselor at the Italian Embassy in Beijing, where I spent almost four years. It was there that I first met Mr. Risto Nikovski, who was the first counselor of the Yugoslav Embassy in Beijing and with whom I have been in touch ever since. He has truly had a successful career. I then was transferred back to the Ministry of Foreign Affairs in Rome from where, after four years, I was appointed counselor for economic affairs at the Italian Embassy in Poland. I arrived in Warsaw several months after the military intervention and the assumption of power by Jaruzelski. I have also served as political counselor to the Italian Embassy in Canberra. [passage omitted]

[Krsteski] What influence does Italy have within the European Community in the matter of its recognition of the Republic of Macedonia?

[Troni] The Italian position in connection with the international recognition of Macedonia is well known to your politicians and your people. From the very start, Italy has held the same position on this issue. We have supported the view that the Republic of Macedonia must be officially recognized and become member of the United Nations. The Italian representatives in Brussels have repeatedly raised this issue. However, the government in Rome must also respect the rules of the community, one of which is the principle of consensus in the case of significant issues.

[Krsteski] Does this apply to issues pertaining exclusively to members of the European Community or, in general, of Europe?

[Troni] From the political viewpoint, the conclusion is that important problems that are resolved on the basis of a consensus could apply to any member-country separately or to issues that affect a member of the European Community. Such is the case with the recognition of the Republic of Macedonia.

However, you know our position, as reiterated during the December visit by your President Kiro Gligorov to Rome and in his discussions with Prime Minister Giuliano Amato, who made our position very clear. I believe that the problem concerning the name of Macedonia will be quickly resolved and dropped from the agenda, for it is a real and logical issue. [passage omitted]

[Krsteski] Mr. Troni, are you affiliated with any party?

[Troni] In Italy diplomats may remain outside of party politics and programs. There is a stipulation in the Italian Constitution according to which, by legal authorization, diplomats, judges, and military personnel may be members of or maintain some contacts with Italian parties. However, it is not advantageous for diplomats and judges to be members of a party. Perhaps that should apply to journalists as well. In Italy the situation of the

diplomats is different from that in some countries where ambassadors make a successful career as members of a party. [passage omitted]

[Krsteski] What is your view on the current situation in the Balkans and on relations among countries within this peninsula, and the war in Bosnia?

[Troni] Good relations in the Balkans and a better future for this area will depend to the greatest extent on the policies pursued by the Balkan countries, and it is very difficult currently to determine what the future of this region will be. Furthermore, the official Italian view is that all problems must be resolved through discussions and talks and not weapons. It is on the basis of this rule that Emilio Colombo, our minister of foreign affairs, recently visited Belgrade, in an effort to convince his hosts that it is high time to find a diplomatic solution to the problem of Bosnia-Herzegovina.

[Krsteski] Could you tell us something more about your political relations with Greece?

[Troni] Traditionally, Italy has maintained good relations with Greece despite the fact that in World War II and after it relations were somewhat strained. The government in Athens was critical of Italy and of its political position in connection with the Macedonian problem. However, this was of short duration. I understand your position and your relations with Greece, as well as the sensitive issue of the name of Macedonia. I also understand your insistence that the name of your republic may not be changed either by the president, the government, or the parliament, and that the problem, nonetheless, must be resolved between Greece and Macedonia.

[Krsteski] Can you speak Macedonian?

[Troni] I was fortunate in starting to learn Macedonian as early as 20 years ago, when I was consul in Germany, where I made the acquaintance of Professor Tome Sazdov, who lectured at the University in Koln, and who gave me some lessons in Macedonian and provided me with several textbooks and publications. I began to study the language and to read it more seriously and realized that your language was truly beautiful and clear. I would like to speak Macedonian, but I shall not be using this language until I have become fluent. I have no major problems, nor do I need a dictionary in reading NOVA MAKEDONIJA and PULS or other periodicals and books in the Macedonian language. Otherwise, until I arrived in Skopje, I had no opportunity to make use of the Macedonian language in my practical work.

[Krsteski] While you were in Koln, in 1972, could you perhaps imagine that you would become consul general in Macedonia?

[Troni] I had no such thoughts, but it was as of then that I became much more interested in the situation in the Balkans, including Macedonia. Specifically, I was interested in the languages, cultures, and history of the peoples of this area.

[Krsteski] What is your view on respect for human rights in Macedonia, particularly in terms of the demands made by the Albanians?

[Troni] It is very difficult to answer this question, for I have been here for a very short time and I am still not very familiar with this set of problems. However, from what I have noticed so far, personally, on the basis of my contacts and my impressions, I can say that relations between Macedonians and Albanians stand on firm grounds. I believe that this is in the interest of both countries, as is confirmed by practical experience or, more precisely, in political life in parliament, the coalition government, and so forth. Macedonians and Albanians have a number of common projects, and I would say that the Macedonians have a temperament similar to that of the Italians, particularly those in the south of Italy. They are very affable and forward, so that during the short time that I have spent here I have made many friends. Even the food is similar or, to be more specific, many Italian specialties can be found here in Macedonia, prepared in their original Italian style. In my view, this is a question of the character, of the temperament of the people, the food and culture and other features that bring peoples closer to each other. I hope that such is the case with the relations between Macedonians and Albanians in your country.

[Krsteski] What do you think of religion and could that be the reason for divisions in Macedonia or the Balkans?

[Troni] All I can say is that I like very much and value the Orthodox religion, although I am a Catholic. This is no reason not to respect other religions. I am particularly interested in Christianity and have read several books on this topic such as, for instance, *History of the Macedonian Orthodox Church*. I was very interested in seeing some churches that truly fascinated me with their beauty. Naturally, you have other ethnic groups with different religions as well. I am convinced that all religions in your country could coexist in harmony.

[Krsteski] What is your view on the relation between the Vatican and Macedonia?

[Troni] This topic and question should be addressed to someone else. I am in no position to comment on such relations. The Vatican's influence is greater in countries inhabited by Catholics.

[Krsteski] One of your main tasks here in Skopje is to contribute to cooperation between the Republic of Macedonia and Italy. Have you already taken some initial steps in this area?

[Troni] Yes, within this short period of time I realized that there exist many opportunities for improving comprehensive relations between the two countries, from exchanging lecturers in universities, organizing exhibits, performances, and concerts, to the implementation of some economic treaties and plans on possibilities for expanding communications, from the Highway of the Sun or, to be more specific, from Drac in Macedonia to

Turkey. This is one of the major transportation projects that must be implemented in the interest of all countries. Italy is also interested in investing capital in Macedonia and in cooperating with some commercial and construction companies. You must not forget that Macedonia also produces excellent wine, which could compete with the French wines.

[Krsteski] What do you think of the presence of the "blue helmets" in the Republic of Macedonia?

[Troni] It is obvious that the reason for the arrival of observers along your borders is to prevent eventual incidents that could become dangerous and threaten your peace and security. The "blue helmets" have the possibility of watching the border with Serbia. This is not only in the interests of your country but equally of the countries in the entire region. The Republic of Macedonia is in the Balkans, an area where a war is being fought. From that viewpoint, it is a good thing for the presence of the "blue helmets" and that, I believe, would not be a negative point in considering of your application for membership in the United Nations.

[Krsteski] You have been in Skopje for nearly two months. What contacts have you established with other consuls and representatives of foreign countries in Skopje?

[Troni] I have met and discussed with them, particularly with the German consul, who shared with me his experience in connection with some technical problems. He is indeed a very pleasant person with rich diplomatic experience.

* Association of Albanian Intellectuals Formed

93BA0627C Skopje VECER in Macedonian 12 Feb 93
p 3

[Article by B.G.: "Coordinated Action by Three Associations"]

[Text] According to Dr. Dzemat Gega, the goal of this association is joint involvement by the associations of independent intellectuals from Albania, Kosovo, and Macedonia.

On 30 January in Tirana, Albania, the Forum of Independent Intellectuals of Albania, the Forum of Intellectuals of Kosovo, and the Union of the Albanian Intelligentsia in Macedonia formed a joint association called the Alliance of Albanian Intellectuals. Fifty representatives from Macedonia also attended the assembly of intellectuals in Tirana.

The goal of this new association, according to Dr. Dzemat Gega, the union's president, is to coordinate the activities of the three independent and nonparty associations of intellectuals (as they will continue to remain from now on), through which the entire Albanian society (the term

used by Dr. Gega) in the Balkans and the diaspora will be incorporated as successfully as possible in further democratic processes.

"Of course," Dr. Gega added, "this has to do with the involvement of intellectuals who think that through a continuing dialogue, with mutual good understanding between peoples and with tolerance, solutions can be found for all the political, economic, cultural, ethnic, and other issues."

It was decided at the meeting in Tirana that an administrative committee would be formed, composed of a presidency, which consists of the presidents of the three associations (the president of the association of intellectuals from Albania will chair it for the first year), and a secretariat, which consists of another two delegated members from each of the three associations. Specific actions have not yet been agreed upon, but that should also be expected soon.

According to Dr. Gega, political issues were not discussed at the meeting in Tirana. The situation in Kosovo was an exception. In connection with it, the gathering sent an open letter to the UN Security Council and to Secretary General Butrus Butrus-Ghali, requesting that the international principle of the right to self-determination be applied to the Albanian people in Kosovo, that Kosovo be immediately demilitarized, that the presence of UN peacekeeping forces in this area be ensured, and that the legitimate bodies of the people and the activity of all sociopolitical institutions begin to function.

The situation in Macedonia was not discussed in particular at the meeting. Dr. Gega said, however:

"My impression is that the prevailing opinion is that Macedonia is a multinational, multireligious, multilingualistic, and multicultural milieu. Consequently, the Albanian ethnic group in Macedonia, as the most numerous nationality, should definitely be treated as a state-building and constituent one."

* Status of Macedonian Students in Croatia

93BA0627A Skopje NOVA MAKEDONIJA in
Macedonian 3 Feb 93 p 2

[Unattributed article: "Revision of Croatian Decision Demanded"]

[Text] The government of Macedonia discussed the treatment of Macedonian students in Croatia; the Macedonian students in this state are still being treated like foreigners, in spite of additional efforts by our competent ministry to have them treated like domestic students.

At a meeting that was held the day before yesterday, the government of the Republic of Macedonia was informed about and discussed the current situation of the students from the Republic of Macedonia who are studying at universities in the Republic of Croatia.

Within the framework of the activities aimed at resolving this issue and the status of students from our republic at universities in the former Yugoslav republics, the Ministry of Education and Physical Culture, back during the 1991-92 academic year, took steps to establish communications with the responsible ministry of the Croatian Republic. Nevertheless, in spite of all the efforts undertaken and the delivery of urgent letters, no response at all was received from the Croatian Republic's ministry. In view of the more difficult conditions for all these types of communications, the Ministry of Education and Physical Culture of the Republic of Macedonia is seeking an urgent joint meeting of representatives of the two ministries in order to examine the newly arisen situation.

The government was informed that all the activities undertaken had not met with full understanding from the other side, and on the contrary, it had been confirmed from everyday contacts with parents and students that the Republic of Croatia was attempting to treat these students as foreign ones, regardless of the year completed and the tests passed.

At the beginning of September 1992, a representative of the Ministry of Education and Physical Culture and a representative of the St. Cyril and Methodius University visited the Ministry of Education and Culture of the Republic of Croatia, at which time it was decided that the Croatian ministry would urge that the Croatian Government adopt a decision by which the students from the Republic of Macedonia who were registering for the first time for the fourth, fifth, or sixth years at universities in the Republic of Croatia would be treated as domestic students with respect to registration, the sequence of instruction, the performance of exercises, and the taking of tests. The above ministry promised to prepare a draft protocol on this that would be delivered to Macedonia's Ministry of Education, after which a representative of the Croatian ministry was to visit the Republic of Macedonia to sign a final draft of the protocol.

This visit was not made, however, and in the meantime the Government of the Croatian Republic has adopted a decision on defining the treatment of students from the Republic of Macedonia as foreign students, which has not been revoked to this very day, in spite of further efforts by our responsible ministry.

At last night's meeting the government, in view of the urgency of this issue, supported direct contact with the government and with the Republic of Croatia as soon as possible at the level of presidents or vice presidents, in which implementation of the two ministries' decisions would be insisted upon, or else revision of the decision adopted on the status of students from the Republic of Macedonia, according to the communique from the Republic of Macedonia's Ministry of Information.

Interior Minister Frckovski Criticized

93BA0631A Skopje NOVA MAKEDONIJA in Macedonian 6 Feb 93 p 14

[Article by A.S.: "Democracy in Practice"]

[Text] *Do democrats become democrats only when they are out of power? The law-governed state begins rather than ends with the police. The opposition profits from police inconsistency.*

Are democratically leaning individuals democratic only when they are not in power? The question arises by itself as we analyze the work and attitude of individuals, such as Dr. Ljubomir Frckovski, the minister of internal affairs.

Frequently criticized, which is understandably due to the sensitivity of his position in the government, Frckovski himself provides material for such criticism. Although the period during which he has been holding his job has been a touchy one, in a number of situations he has not proved to be consistent with his own image as a democrat.

There are some who think that he has assumed such a role for failure of the state to perform its other functions, for which reason a great many things have been shifted to the police. Thus, a number of events occurred that, in the final account, have led to questioning the power given to the police, and police reactions to some situations. The events in Kuklis, Radovis, Skopje (after the PDP [Party for Democratic Prosperity] meeting), Radolista, Skopje (Bit Pazar), the "Duvlo" Affair, several cases of detaining and mistreating Greek newsmen, excessive presence in the Zupa, and infighting among customs offices are the most notorious affairs related to the personality (and responsibilities) of the present minister of police.

In all such situations the question arises of whether such reaction was necessary? For example, was it necessary to use so much force in Kuklis after the international highway was closed, although, for example, this is not being done in Skopje, where traffic is constantly being obstructed by groups of demonstrators numbering 100 to 200 people? In Radovis, after it became known that people had brought rocks, action was taken against them without waiting for such rocks to be used? Was it necessary, in Skopje, to mistreat demonstrators for carrying maps which detailed who would go where? Was an entire army needed in Radolista although reasons for this existed? No explanation has ever been provided for tapping party discussions or an explanation as to why so many people had to die in the demonstrations in Bit Pazar.

Stressing legality, which is the frequent justification used by the minister, is insufficiently convincing, for at this point, in our country, there are hundreds of laws, which due to their obsolescence are not being applied, while the police themselves do not implement laws which are their

direct obligation or, in as much as they apply them, no one would blame them for this (such as, for instance, laws pertaining to the functioning of the market and the enterprises).

The impression that is gained is that in our country a law-governed state begins with the police instead of ending with them. We said that it may be a question of the dysfunctionality of other institutions, for which reason some of the responsibilities are assumed by the police. Nonetheless, we know what happens to a country when it relies too much on the police.

Whether caused by fatigue or for another reason, neither Frckovski nor the MVR [[Ministry of Internal Affairs] have sounded very convincing in defending the laws suggested precisely by the minister. It so happened that, mainly because of him, the laws pertaining to personal

documents have turned into a first-rate political rout, for which reason all activities in that area have stopped.

The behavior of the police intensifies to such an extent the hatred of the authorities as to benefit most (and to be used by) the opposition. Thus, this democrat, who is called upon to be among those who fight most actively against the regressive nature of the nationalists, turns out to be their helper in keeping them in power. This led to the witty remark that if Frckovski did not exist, the nationalists would have had to invent him!

Is all this a farce, with people being classified into democrats and nondemocrats, while actually being a major fraud involving those who either criticize or approve of the "democratic trends." Such people, actually, are merely tools in the pursuit of private interests and ambitions. And all of this is nurtured by the illusion that they are building democracy.

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